

NEWS SUMMARY

GENERAL

Turmoil  
as Iran  
troops  
run riot

Iran said late fresh turmoil last night as troops rampaged through the southern oil city of Ahwaz, sparking a riot. A 10-mile strike with President Sadat of Egypt.

Political leaders on all sides warned of a possible bloodbath in the wake of the departure of the Shah, who spent the day of a Nile cruise with President Sadat of Egypt.

Other developments: Iran's Justice Minister has offered his resignation; seven ambassadors including those to the UK and the US, who were sacked; ousted opposition leader Ayatollah Khomeini urged supporters to continue strikes and disruption.

Deaths toll in the earthquake which hit north-east Iran on Tuesday night has risen to at least 1,000. Page 3

Local Press  
strike ends

The seven-week strike by 3,000 provincial journalists was called off last night and newspapers should resume normal publication by Monday.

The executive of the National Union of Journalists ended the strike after a branch delegate had voted to accept an offer of 16.5 per cent. Page 5

No Smith talks

James Callaghan confirmed there will be no immediate attempt to revive all-party talks on Rhodesia. The decision follows a gloomy report from special envoy Geoffrey Hughes. Back and Page 10; Editorial Comment Page 24

Trains collide

Seven people were injured when two London Underground trains collided on the Central Line near Leyton. London Transport said there had been signal failures in the area.

Cambodia clash

There has been bitter fighting along the south coast of Cambodia (Kampuchea) between troops backed by Khmer Rouge, Pol Pot and the Vietnamese-led invasion force.

Begin meeting

Special US envoy Alfred Atherton had an unscheduled talk with Israeli Premier Menachem Begin and reports of a possible dispute between the two countries over Israel's decision to build three new settlements in occupied areas. Page 6

'Fraud' hearing

Nine businessmen charged with fraud and involving a total of £10m in connection with London and County Securities, which collapsed five years ago, were remanded until April 23 at Bow Street court, London.

Rhodesia sought

South Africa's representative in Brazil has been instructed to repossess the passport of Dr. Robert Rhodesia, a key figure in the scandal over misuse of funds. Dr. Rhodesia went to Brazil last November, just before his passport was due to be withdrawn.

Five-star cut

Esso will stop selling five-star petrol in the UK at the end of March. The grade accounts for less than 1 per cent of the market and Shell and BP made similar moves last year.

Briefly

Fire destroyed 600 tons of cotton at Spanish docks. China is offering cash awards for outstanding inventions. Business international news agency selected. Sir Denis Hamilton chairman. He continues as chairman and editor-in-chief of Times Newspapers. Cabinet Ministers in Sri Lanka are giving 20 per cent of their salaries to a cyclone relief fund. Man died when police in New Delhi fired on a mob trying to break into a bank. South African spent weeks praying for rain. When it came, the accompanying lightning killed his wife and daughter-in-law.

BUSINESS

Equities  
down 7.5;  
Gold  
up \$7½

● EQUITIES weakened on concern over the Government's spending plans and moves on pay and industrial problems. FT 30-share index closed 7.5 down at the day's lowest of 474.2.

● GILTS: Longs also closed at the day's lowest, with falls extending to 1. Short losses ranged to 1. Government Securities Index closed 0.41 at a new 1978/79 low of 67.51.

● GOLD rose \$7½ to \$228½.



London Gold Price

after Tuesday's successful U.S. gold auction.

● STERLING rose 40 points to \$2,005. Trade-weighted index widened to \$1.4 (63.3). Dollar's depreciation was 9.0 (8.5) per cent.

● WALL STREET was at 5.31 at 5:30 p.m. near the close.

● WEST: The price of money is falling. Authorities are preparing for a possible recession. The market is showing increasing interest in such a development. Back Page, Pages 32 and 33

● FRANCE: Trade balance swung into a seasonally-adjusted surplus of FF 2.5bn (about £295m) in 1978, after two years of successive deficits. The French Trade Ministry announced.

Banks plan to  
reveal more

● BIG London clearing banks are planning to reveal more about profits and bad debts. The new approach will be announced in a policy statement being drafted for publication by the Committee of London Clearing Bankers. Back Page

● PENDING price rises for beer, petrol and electricity are likely of being put into abeyance following the Government's decision to remove most of the safeguard regulations from its price control powers. Page 6

● ACAS should give priority to extending collective bargaining over the general duty of improving industrial relations, Lord Denning, Master of the Rolls, said in the Appeal Court. Page 8

Singer threat  
is lifted

● THREAT hanging over Singer UK's Clydebank machine plant was lifted after workers reversed an earlier decision rejecting productivity improvements, said by the company to be essential to the factory's survival. Page 7

● BRITISH Caledonian is planning to introduce new scheduled flights between London (Gatwick) and Stockholm as soon as possible. Page 7

COMPANIES

● HENLEYS pre-tax profit rose 32 per cent to £5.7m (£4.32m) on turnover of £181m (£160m) excluding car tax and VAT. Page 28

● ANGLIA TELEVISION increased pre-tax profits to a record £5.53m (£2.87m) on turnover of £20.32m (£15.76m) for the year ended October 31. Page 28

● ALITALIA, Italy's State-owned national airline, expects profits of £111m (£8.5m) for 1978, little changed from the previous year's figures. Page 33

● MAGNET AND Southern's pre-tax profit rose to £9.32m (£7.1m) on turnover of £60.1m (£52.12m) for the half-year to September 30. Page 30

Callaghan calls in union leaders

Mr. James Callaghan called union leaders Mr. Len Murray and Mr. Moss Evans to Downing Street last night as the declaration of a state of emergency grew more likely. The Cabinet will discuss the matter today.

The Prime Minister told Mr. Murray, TUC General Secretary, and Mr. Evans, general secretary of the transport workers, of the provoking difficulties caused by secondary picketing, especially hitting food supplies.

The Road Haulage Association took an

initiative towards ending the dispute by announcing that, subject to tough conditions, it would be bound by the findings of the Government's Advisory Conciliation and Arbitration Service if it was called in.

Public service unions gave Mr. Callaghan's pay concession to the low-paid a lukewarm reception. Their plans for a national one-day stoppage on Monday will go ahead. It could spill over to Tuesday and some workers have said they will stay out indefinitely.

Mr. Murray called in Mr. Ray Buckton, the train drivers' leader, for talks last night, but the move came too late to have any chance of averting today's national rail stoppage.

Experts worth nearly £100m a day are now thought to be held up by the lorry drivers' strike. Food retailers and producers are particularly badly hit. But manufacturing industry appeared to be coping with some of the difficulties, and was delaying some planned lay-offs.

Government ready for  
State of Emergency

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT is poised to introduce a State of Emergency after reports to Ministers yesterday that the distribution of goods, particularly of food, was deteriorating rapidly in several parts of the country.

Following consultations between Mr. James Callaghan and senior Ministers last night, the Cabinet will assess the situation this morning to decide whether a State of Emergency should be introduced immediately so that troops can be used to move essential supplies.

The Prime Minister called to 10 Downing Street last night Mr. Len Murray, general secretary of the TUC, and Mr. Moss Evans, general secretary of the Transport and General Workers' Union, to which the striking lorry-drivers belong, to explain the predicament the Government was in because of continued use of secondary picketing.

There seemed little hope among Ministers that either of the union leaders could exert much more influence over the pickets to ensure that they obeyed TGWU instructions to abandon secondary picketing, the picketing of companies not directly involved in the dispute.

There was a sharp change of attitude within the Government as the full impact of the picketing became apparent, with claims from food manufacturers that supplies would soon dry up.

Few MPs now doubt that a State of Emergency is inevitable, not only because of the road haulage dispute but also because of threats to water supplies and ambulance services.

Troops were back on stand-by alert if a State of Emergency is declared servicemen

will be moved rapidly to ports and food storage depots to begin the massive task of moving supplies to shops and factories.

But Ministers stressed that only a fraction of normal supplies could be transported, and that these would have to be directed to a limited number of key areas.

A declaration, which would have to be approved by Parliament within a week or so, would give the Government powers to commandeer vehicles such as freezer container lorries. Troops would be able to use their own vehicles without a declaration.

Part of the reason for declaring a State of Emergency would undoubtedly be psychological. As well as ensuring essential supplies it would be a means of bringing maximum public pressure on recalcitrant

strikers ignoring the advice of their leaders.

Some Ministers are still opposed to declaring a State of Emergency.

Mr. John Silkin, the Agriculture Minister, said last night he "would come down against" a State of Emergency.

There is growing appreciation of the political dangers facing the Government because of the stranglehold on the economy being exerted by the unions.

Mr. Callaghan warned Labour MPs yesterday with remarkable candour of the tide of public opinion now running against union disruptive tactics, which could give the Conservatives victory at the coming General Election unless the Labour movement put its own house in order.

At the same time Mrs. Margaret Thatcher said she would be prepared to support a State of Emergency.

Continued on Back Page

Arbitration offered  
by road hauliers

BY NICK GARNETT, LABOUR STAFF

AN UNEXPECTED initiative aimed at ending the road haulage dispute was made yesterday by the employers' side, which told the Government that it was prepared to go to independent arbitration.

The Road Haulage Association informed the Department of Transport and the Advisory Conciliation and Arbitration Service, that it would accept arbitration "in the interests of the nation." This move followed a meeting of the association's national committee of regional negotiating chairmen.

It was tied, however, to tough conditions being met by both the Government and the unions. First, the association wants the Government to take no action to restrict road haulage rates, as

it has been threatening to do following publication of a Price Commission report criticising the industry's efficiency.

Second, it is demanding an immediate return to work by the strikers estimated to number more than 40,000, on the basis of the employers' 15 per cent pay offer. The union is claiming 23 per cent.

Third, both the Transport and General Workers' Union and the smaller United Road Transport Union, would have to accept the arbitration settlement.

At first sight, the proposal seems unlikely to be approved by senior union officials. The transport workers have appeared confident that they can win the dispute, even

though the number of individual companies—200—where it claims to have concluded settlement, is very small compared with the total in the industry.

Robin Reeves, Welsh Correspondent, writes: Mr. George Wright, the TGWU Welsh regional secretary, reported that eight companies had signed new pay agreements with the union at £65 for a 40-hour week.

Out of a union survey of 50 haulage companies in the South Wales and Wrexham areas, 28 indicated they were ready to pay £65, but not settle individually, another 12 said they would settle between £60 and £65. Only three companies insisted they could pay no more than £60.

Eagle Star joins bid for EPC

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

EAGLE STAR Insurance has stepped into the bidding for English Property Corporation. EPC, Britain's second largest property group with book assets of £770m, is already fiercely resisting a £40.4m, 37p a share cash takeover bid from the Dutch property company, NV Beleggingsmaatschappij Weeldhave.

Now Eagle Star, which holds 27.3 per cent of EPC's equity and shares a chairman and several directors with the group, has weighed in with an approach, announced yesterday, with a view to holding discussions which may lead to offers by Eagle Star for the whole of the issued share capital and convertible loan capital of EPC not already owned by Eagle Star.

EPC shares gained 4½p to 44p on the news while Eagle Star shares shed 3p to close at 132p.

Mr. Stanley Honeyman, EPC's chief executive, said last night that, despite the group's long-standing and close links with Eagle Star, he and his fellow directors would treat any offer from the insurer on an objective basis. "We are here solely to represent the interests of the EPC shareholders," he said.

Sir Denis Mountain, chairman of both groups, and his fellow joint directors, will take no part in any discussions at EPC. But Mr. Philip Shelbourne, EPC's deputy chairman and an Eagle Star director, did not participate in discussions at Eagle Star which led to yesterday's announcement. As a result, he will be free to consider the

approach on the property group Board.

Morgan Grenfell, the merchant bank acting for Weeldhave, said yesterday: "Whatever happens now EPC's days as an independent company are numbered."

The bank, which has so far received a trickle of acceptances for Weeldhave's offer, said that it would certainly seek Takeover Panel permission to extend the closing date for Weeldhave's bid beyond February 5 if Eagle Star and EPC's discussions carried on for some weeks.

Hill Samuel, acting for Eagle Star, believes that it may well take a couple of weeks to assemble the necessary information of EPC and rather longer if a formal offer is decided upon. Lex Back Page

Expenditure  
plans 'depend  
on inflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

GOVERNMENT plans for a steady growth in public spending over the next few years depend on keeping inflation under control—and failure will mean "less growth, less public expenditure and more unemployment."

This was stressed yesterday by Mr. Joel Barnett, the Chief Secretary to the Treasury, at the publication of the White Paper on the Government's spending plans up to 1982-83.

Mr. Barnett said that the proposed relaxation of pay policy to help the low-paid would be reflected in adjustments in cash limits. But he maintained that these limits would remain consistent with existing monetary targets and the White Paper plans in volume terms would be unchanged.

The White Paper states that the planned 2 per cent a year increase in the volume of spending is intended to be within the growth of national income and output, discussed in terms of an illustrative range of 2 to 3 per cent a year. The plans are also supposed to be consistent with the attack on inflation and general economic strategy.

The discussion of the possible development of the economy, an innovation in this White Paper, suggests that even on optimistic assumptions about an annual growth in pay of 7 per cent or 1982 the expansion of output may at best be sufficient only to keep unemployment roughly stable. An unchanged total is assumed as a broad working assumption in the estimates of future unemployment benefits.

On the assumption of an 11 per cent annual rise in earnings up to 1982 the rate of price inflation would remain close to 10 per cent, the rate of output growth would slacken significantly, unemployment would probably rise and the sterling exchange rate would decline. Moreover, a stricter fiscal policy would be inevitable.

Mr. Barnett conceded that "the 2 to 3 per cent growth rate of these projections was in any case substantially below the sort of growth rate that we had earlier hoped for when looking to the opening years of the 1980s." This is partly because of the relatively gloomy view taken of the underlying growth of output per head, which has slowed substantially since the mid-1970s recession.

Consequently, in spite of a faster growth to labour supply than up to 1973 and with the benefits of North Sea oil,

MAIN POINTS

● Public spending projected to grow by 2 per cent in volume terms in 1978-79 compared with current financial year and by 4.5 per cent if expected shortfall is excluded.

● Total planned expenditure of £68.16bn in 1979-80 roughly the same as proposed in the last White Paper a year ago.

● Pattern of spending little changed with main increases in child benefits, employment measures, health, education, law and order. These rises covered from previously unallocated provisions and from reduced borrowing needs of nationalised industries.

● Projected growth of spending in 1980-81 and thereafter of about 2 per cent a year but later figures increasingly provisional. Large contingency reserve to provide flexibility.

● Continued growth in current expenditure, especially transfer payments such as social security benefits, but broadly constant volume of capital spending over the next four years.

● Above average growth in spending on defence, overseas aid and employment services. Social security, health and personal social services, housing and law and order all planned to rise in line with total. But spending on trade and industry projected to decline.

the expansion of productive potential is unlikely to be much above its pre-1973 trend of about 3 per cent a year.

Many outside commentators believe that even the high earnings projection in the White Paper may be too optimistic and the present plans may in practice prove to be the basis for future changes in fiscal policy.

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£ in New York

	Jan. 16	Previous
Spot	163.0030-0045/1.9860-8975	
1 month	0.37-0.38 dis/0.44-0.50 dis	
3 months	0.58-0.59 dis/0.68-0.74 dis	
12 months	2.40-2.50 dis/3.00-2.80 dis	

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## EUROPEAN NEWS

## Brussels seeks Romania trade pact

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission is to seek a mandate from the Council of Ministers to open talks with Romania on a wide-ranging trade pact. The announcement in Brussels came on the eve of French President M. Valéry Giscard d'Estaing's two-day visit to Bucharest, while the launch of the negotiations has been underlined here by France as a major goal of the six months' presidency of the Council that it began on January 1.

The negotiations are expected to begin in the second quarter of this year and could result in what Commission officials are describing as a "substantial change in Romania's relationship with the EEC."

The move is, however, a politically sensitive one, for Romania's decision to make its own trade arrangements with the Community coincides with recent tensions between Bucharest and Moscow and must also be set against the background of the EEC's continued refusal to sign a trade deal with Comecon as a whole.

Romania would be the first of the Comecon countries to establish a bilateral pact with the EEC on general trade, as distinct from the narrower agreements that now exist between some Comecon countries and the Nine on steel and textiles.

Commission officials have emphasised, however, that a

Romanian trade deal would not, unlike the associate status enjoyed by most Mediterranean countries or the Lomé Convention with third world countries, imply political relationship with the EEC.

If successful, the trade package would cover 85 per cent of Romania's external trade, with only agriculture and fisheries being excluded. The trade conditions that will be discussed fall into three broad categories: the total abolition of EEC quotas in some areas, the suspension of quotas in others in return for voluntary restraint by Romania and the overall enlargement of existing quotas.

The manufacturing industries

that the Romanians are particularly keen to favour, it is thought in Brussels, range from footwear to furniture, electrical goods, chemicals and refined petroleum products.

Exploratory talks on a deal to liberalise EEC-Romanian trade began in Brussels last July at Romania's request. Since 1972, Romania has been the foremost member of Comecon in negotiating its own trade arrangements with the Community. The general preference that it won from Brussels in 1974 were followed in 1976 when Bucharest was the first eastern European government to sign a textiles pact with the EEC. Last year Romania also agreed a steel pact with the Community.

## Monetary curbs relaxed in Italy

By Rupert Cornwell in Rome

THE BANK of Italy last night announced a significant relaxation of its monetary curbs, a key component of the policies which have led to the considerable improvement in the country's external finances since 1976.

Heretofore the limit on bank loans to industry which do not fall within the present overall credit ceilings will be doubled from L50m (£22,000) to L100m.

At the same time the central bank is to increase maximum permitted credit expansion by one point to 14 per cent for this month and 15 per cent for March 1979 compared with the baseline of March, 1978.

The moves are expected to increase credit available to industry by between L1,000bn and L2,000bn over the next two months.

The Bank said that the measures were aimed at supporting the recovery in output. The total credit pool has also been reduced by a drop in foreign borrowing by Italian corporations, now that domestic rates have fallen to, or even below, comparable rates on the Euro-markets.

The decisions reflect the strong external position of Italy, which is likely to report a payments surplus of up to \$3,512m for 1978. There are signs, too, that the public sector's large appetite for funds is under better control.

Meanwhile, M. Francois-Poncet continued to insist yesterday that before the EMS could go into operation, the EEC must agree to limit the creation of any new monetary compensatory amounts (MCAs) to a maximum period of one year and to adopt a timetable for phasing out existing MCAs.

MCAs are EEC payments designed to offset the effect of parity changes on farm trade. At present, they act as a tax on French farmer incomes, as a subsidy to German farmers and also as a subsidy towards the cost of Britain's food imports.

France's opposition to the MCA system received surprisingly outspoken support yesterday from Mr. Geoffrey Rippon, leader of the Conservative group and MP for Hexham.

He went so far as to say that he and his colleagues positively "rejoiced" at the French move, recalling that the British Conservatives in Westminster had forced the Government last year to devalue the "green pound," thereby cutting Britain's MCA payments.

However, at the heart of the dispute is the renewed demand of the Communists for a greater ruling role. Christian Democrat leaders though have flatly ruled out any question of admitting the Communists directly into government.

If they were to go into direct opposition, the almost certain consequence would be early elections, and indications that the party would lose some ground from its high point at the last poll in June 1976.

The dilemma is illustrated by an opinion poll in the weekly magazine *L'Espresso* giving the Christian Democrats 42 per cent of voting support (against 38.7 per cent in 1976). The Communists are down to 30 per cent from 34.4 per cent, while the other major gainers are the Socialists up from 9.6 to 12 per cent.

This is one reason why the Communists' delicate task is somehow to disassociate themselves from the current ruling majority—and thus improve their image, especially before the party's March congress—without provoking an immediate election.

Meanwhile the Christian Democrats, backed by the Socialists and the Social Democrats from the existing parliamentary majority, have called for a four-party summit to clear the air and avoid a government crisis of such unpredictable outcome.

Consumer prices in Portugal, excluding housing rose by 2 per cent last month, with the most significant increases being recorded in foodstuffs and beverages. The increase showed that inflation steadily towards the end of the year following a sharp acceleration to 3.4 per cent in October, mainly due to sharp increases in the prices of petrol and industrial and domestic fuels.

During the first six months of the year last year, there were considerable fluctuations in the Portuguese price index.

The figure is a considerable improvement on 1977 when the annual inflation rate was 27.4 per cent, although it is still above the 20 per cent target originally set by the Government for last year.

The U.S. administration believes that unless Turkey is assisted financially, it may follow Iran into political chaos. Officials argue that the U.S. presence in Turkey could be jeopardised and the Turkish-U.S. defence treaty be rendered useless.

The decision to prepare a programme of multilateral assistance to Turkey was taken at the recent Gaudeloupe summit meeting of President Giscard d'Estaing of France, President Carter of the U.S., Mr. James Callaghan, the UK Prime Minister, and West German Chancellor Helmut Schmidt.

## THE CDU LEADERSHIP DEBATE

## Critics close in on Kohl

BY JONATHAN CARR IN BONN

DR. HELMUT KOHL, luckless leader of the Christian Democratic opposition in West Germany, is in danger of being stabbed in the back by his own political friends. Little wonder that the question of just how long he can last is being put ever more insistently in Bonn.

It would be hard enough to have to face in Helmut Schmidt a Government leader who has built up an authority equalled in West German history only by that of the first Chancellor, Dr. Konrad Adenauer. But on top of that the CDU is in alliance with a Bavarian party, the Christian Social Union (CSU), whose quick-witted leader Herr Franz Josef Strauss thinks little or nothing of Dr. Kohl—and makes no secret of it.

Even that would be tolerable if Dr. Kohl could rely on the unreserved loyalty of other leaders in the CDU. A vote in his favour by both the Party President and National Executive Committee last week would seem to show that he does have such support. But the vote is deceptive and Dr. Kohl's future bleak.

At issue was whether Dr. Kohl should drop his post of leader of the CDU-CSU group in the Bundestag (the lower house of Parliament), to concentrate on his other post as party chairman. Publicly it was suggested that the idea was to help Dr. Kohl since only a Hercules could master both tasks at once.

Privately many CDU supporters are dismayed by Dr. Kohl's Bundestag performances which they feel lack fire, drama, élan—indeed, almost all the things a Parliamentary leader should provide. The Social-Democrat (SPD) and Liberal Free Democrat (FDP) parties in the coalition rarely seem to be under pressure—even less so since Herr Strauss forsook the Bundestag last year to take up the post of Prime Minister of Bavaria (while maintaining his CSU leadership).

Herr Schmidt rubbed salt into saying he would like to see a rather stronger Parliamentary opposition performance since this would be healthy for West German democracy.

Stimulating thinker

The idea for a division of posts came from Dr. Kurt Biedenkopf, a former university rector, businessman, one-time General Secretary of the CDU and, at 48, the same age as Dr. Kohl. He is a stimulating thinker (particularly on economic affairs), a party Deputy Chairman and head of the powerful Westphalian organisation—but he clearly lacks reliable allies at present within the top echelons of the CDU.

His ideas for a division of labour, at first made privately to those whom he believed to be party friends, were promptly leaked to the Press. When it came to show-down and vote in the leading party bodies last

week, support for Dr. Biedenkopf's proposals melted away.

But Dr. Biedenkopf won't let that part of his point. "It was agreed that efforts be made to reorganise Opposition work in the Bundestag—to make it more effective, as the CDU puts it. And there was praise for Dr. Biedenkopf as a 'quick-thinking, intelligent politician' from none other than Herr Strauss—a further sign that the two men have made up an old quarrel and now find interests in common. Could it be that they might be forming some kind of alliance, perhaps connected with Herr Strauss's old idea of forming a fourth party beyond Bavaria based on the CSU?"

Perhaps the thought, Herr Strauss insisted publicly, there was no question of an axis between himself and Dr. Biedenkopf—still less of a conspiracy against Dr. Kohl.

Preparing ground

The official word from the CDU is that the question of a division of posts is out of the way—and that the Opposition can intensify its efforts to undermine government failings, thereby preparing the ground for a general election win next year.

None the less, Dr. Kohl seems bound to come under intense pressure and to help coming months to matter what he does. If the Opposition's Bundestag performance improves, many will say it is because Dr. Kohl's role has been reduced—but if it does not, critics will suggest that Dr. Biedenkopf's ideas for a complete separation of posts were right after all. Further, the party faces important Land (State) elections—in Berlin and Rhineland-Palatinate on March 18, and in Schleswig-Holstein on April 29. If these go badly, then much of the blame will inevitably be laid at Dr. Kohl's door. If they go well—then the local CDU leaders will receive a boost, causing some to see them as potential rivals to Dr. Kohl.

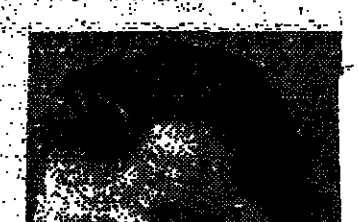
In between the elections the CDU will hold its party conference at Kiel from March 25-27 at which Dr. Kohl will be up for re-election as party chairman.

He has no formal rival at present. But a poorer result than he gained before would unleash yet more critical discussion, and undermine further his prospects for leading the combined CDU-CSU into the general election campaign as candidate for Chancellorship.

It is not hard to criticise Dr. Kohl. On long-time observers of the Bonn political scene unkindly, but perhaps accurately, remarked that "this humpty dumpty never fell off the wall because he was unable to clamber on to it." There has long been a feeling that this evidently honest, decent man who made an outstanding provincial Prime Minister, has never quite measured up to the



Dr. Helmut Kohl



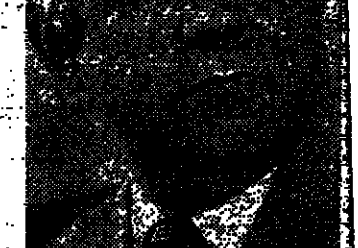
Herr Franz Josef Strauss



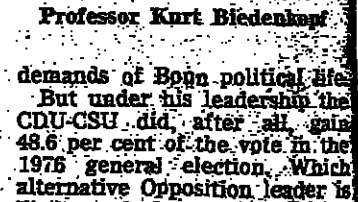
Professor Kurt Biedenkopf



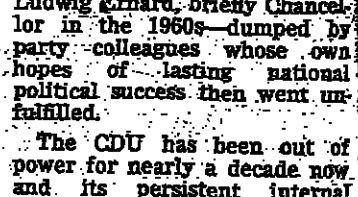
Herr Ludwig Erhard



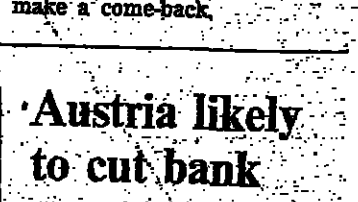
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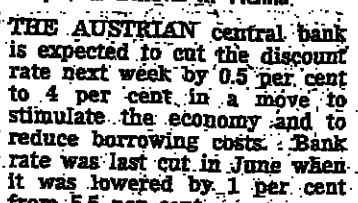
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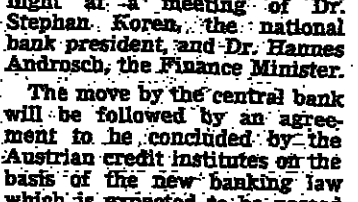
Herr Hans-Joachim Lauth



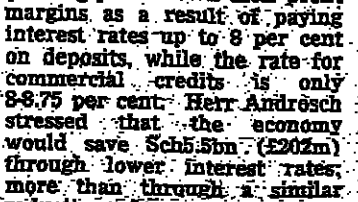
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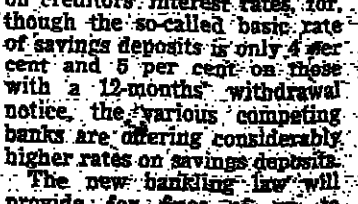
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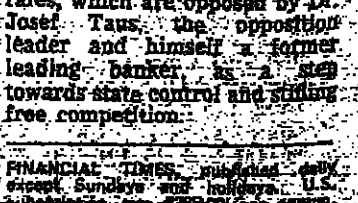
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Herr Hans-Joachim Lauth



Herr Hans-Joachim Lauth



Herr Hans-Joachim Lauth



Herr Hans-Joachim Lauth

## Poncet insists on MCA limitation

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE FRENCH Government yesterday outlined a generally long key programme for its EEC presidency, amid scant signs of progress towards an early solution of the deadlocks blocking the start of the European monetary system (EMS) and the implementation of this year's Community budget.

Despite sometimes hostile questioning by members of the European Parliament, M. Jean François Poncet, the French Foreign Minister, stood firmly by his Government's demands that the EEC's system of financing farm trade must be altered before the EMS could begin.

At the same time, an unrepentant Parliament offered no hint of any willingness to compromise in its continuing constitutional dispute with the Council of Ministers over the size of the new EEC budget.

The row stems from the Parliament's decision late last year to add another \$250m to the EEC regional fund in defiance of the Council's wishes. The Council insists that the increase is illegal because the Parliament has exceeded its limited authority to amend the draft budget.

In a sharply-worded speech, Herr Ludwig Fellmer, the West German Social Democrat who heads the Socialist group, denied that the Parliament's action was illegal. It had merely acted in the spirit of the Rome Treaty, one of whose aims was to remove imbalances between different sectors of the Community.

But with the predictable exception of the Gaullists and President Giscard d'Estaing's independent Republicans, this

welcome found little echo elsewhere. Indeed, Herr Fellmer strongly criticised the council for allowing the EMS to become embroiled in the dispute over MCAs.

While pledging his Government to seek solutions to these problems, M. François-Poncet also set out a list of priorities for its six-month presidency which was patterned largely according to the timetable already laid out for the EEC during the first half of this year.

However, he emphasised in

particular the need for the EEC to conclude as soon as possible negotiations on a new trade agreement with Yugoslavia and to adapt its existing association agreement with Ankara so as to provide Turkey with "all the aid which it is entitled to expect."

Despite the increasingly intransigent stand taken by both sides in the dispute, the European Commission may launch a mediation attempt later this week. It is understood to be considering proposing a compromise, under which the

Council would accept that a budget had, in fact, been voted, in exchange for the approval by the Parliament of a number of additional amendments.

Though the outlook for an agreement is highly uncertain, the Commission is under a strong compulsion to seek a solution, since it is responsible for administering EEC spending. But in the present legal limbo, there is a risk that EEC governments will fail to contribute sufficient funds after the end of this month to finance planned expenditures.

Meanwhile, M. François-Poncet continued to insist yesterday that before the EMS could go into operation, the EEC must agree to limit the creation of any new monetary compensatory amounts (MCAs) to a maximum period of one year and to adopt a timetable for phasing out existing MCAs.

MCAs are EEC payments designed to offset the effect of parity changes on farm trade. At present, they act as a tax on French farmer incomes, as a subsidy to German farmers and also as a subsidy towards the cost of Britain's food imports.

France's opposition to the MCA system received surprisingly outspoken support yesterday from Mr. Geoffrey Rippon, leader of the Conservative group and MP for Hexham.

He went so far as to say that he and his colleagues positively "rejoiced" at the French move, recalling that the British Conservatives in Westminster had forced the Government last year to devalue the "green pound," thereby cutting Britain's MCA payments.

However, at the heart of the dispute is the renewed demand of the Communists for a greater ruling role. Christian Democrat leaders though have flatly ruled out any question of admitting the Communists directly into government.

If they were to go into direct opposition, the almost certain consequence would be early elections, and indications that the party would lose some ground from its high point at the last poll in June 1976.

The dilemma is illustrated by an opinion poll in the weekly magazine *L'Espresso* giving the Christian Democrats 42 per cent of voting support (against 38.7 per cent in 1976). The Communists are down to 30 per cent from 34.4 per cent, while the other major gainers are the Socialists up from 9.6 to 12 per cent.

This is one reason why the Communists' delicate task is somehow to disassociate themselves from the current ruling majority—and thus improve their image, especially before the party's March congress—without provoking an immediate election.

Meanwhile the Christian Democrats, backed by the Socialists and the Social Democrats from the existing parliamentary majority, have called for a four-party summit to clear the air and avoid a government crisis of such unpredictable outcome.

Consumer prices in Portugal, excluding housing rose by 2 per cent last month, with the most significant increases being recorded in foodstuffs and beverages. The increase showed that inflation steadily towards the end of the year following a sharp acceleration to 3.4 per cent in October, mainly due to sharp increases in the prices of petrol and industrial and domestic fuels.

During the first six months of the year last year, there were considerable fluctuations in the Portuguese price index.

The figure is a considerable improvement on 1977 when the annual inflation rate was 27.4 per cent, although it is still above the 20 per cent target originally set by the Government for last year.

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## France swings into surplus

By Robert Mauthner in Paris

FRANCE'S trade balance swung into a seasonally adjusted surplus of FF 2.5bn (£395m) in 1978, after two years of successive deficits, the Trade Ministry announced yesterday.

M. Raymond Barre, the Prime Minister, has thus achieved one of the main objectives he set himself when he was appointed in August 1976 by President Giscard d'Estaing, with the specific task of restoring an ailing economy.

Officials admit the improvement in the trade performance was greatly helped by a slack domestic economy, which kept down imports, as well as by such external factors as stable oil prices, generally low prices for imports of raw materials, and, not least, the dollar's sharp depreciation throughout the year. But a much better export performance certainly made an important contribution to the improved trade figures.

Exports last year increased by 12 per cent, compared with 1977, to more than FF 357bn, a rise nearly twice as great as that for imports, which went up by only 6.8 per cent, to FF 355bn.

The overall result for 1978, however, was slightly overshadowed by a return to a seasonally adjusted deficit in December of FF 871m (£100m), only the third month last year in which the trade balance was in the red.

Although another trade surplus is still officially forecast for this year, it will clearly be much more difficult to achieve, given the larger oil bill which France will have to pay, estimated at an extra FF 6bn.

In 1978 France kept its bill for oil imports down to slightly less than FF 50bn, FF 8bn lower than the original estimates.

## Ruhr area put on smog alert

By Adrian Dicks in Bonn

THE NORTH Rhine-Westphalia state government yesterday declared a limited smog alert in most of the western Ruhr and lower Rhine. West Germany's most concentrated industrial areas. It was the first time that such action has had to be taken under the clean air legislation introduced in 1974.

The authorities broadcast an appeal to drivers to use vehicles as little as possible, and for people to refrain from burning refuse or lighting open fires.

## Spanish Minister visits Moscow

BY DAVID SLATTER IN MOSCOW

SR. MARCELINO OREJA ACURIE, the Spanish Foreign Minister, arrived here yesterday for the first visit by a Spanish Foreign Minister to the Soviet Union.

He was met at the airport by Mr. Andrei Gromyko, the Soviet Foreign Minister. Sr. Oreja is expected to discuss Soviet-Spanish economic co-operation and Spain's relations with the rest of Western Europe during his three-day official visit, which may include a meeting with Mr. Leonid Brezhnev, the Soviet President.

The Russians have given considerable verbal support to the democratisation of Spain and dismantling of the Francoist dictatorship, and the visit is being taken by the Soviet Press as a symbol of the reconciliation between the two countries, high to years ago only established diplomatic relations.

There will also, however, be concrete matters to discuss, and Spain is interested in more trade with the Soviet Union, while the Soviet Union is anxious to stop Spain joining NATO or the EEC.

Spanish-Soviet trade has grown since diplomatic relations were established, but is still at a very low level compared with Soviet trade with other Western European countries.

In 1977, total trade had a value of only 229m rubles (£173.5m), with the balance heavily in the Soviet Union's favour. The Soviets have said this does not correspond to existing opportunities.

The Kremlin leaders are expected to press Sr. Oreja about the possibility of Spain joining NATO. The Soviet media has referred to a "proposition" of high NATO officials to Madrid, and "secret contacts" between Spain and NATO headquarters in Brussels.

The declaration after the Warsaw pact meeting in Moscow

last November repeated the long-standing proposal to freeze the membership of the two military blocks—a proposal directed against Spain joining NATO.

There is also likely to be an attempt to lobby against Spain joining the Common Market. The foreign affairs weekly *New Times* reported this week that "sober voices" in Spain are calling for a balance in foreign trade, which would include links with the Soviet Union and other Socialist states such as Cuba.

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## Norway oil tax take rises

BY FAY GJESTER IN OSLO

NORWAY'S tax take this year, from oil and gas production on its continental shelf, will be slightly higher than forecast, NK 8.9bn (£880m), instead of NK 8.7bn (£860m), according to the budget forecast published in October. Tax and royalties on petroleum production are collected a year in arrears, so the benefits of the higher take will be felt this year.

The Oil Ministry now estimates the value of last year's oil and gas output at NK 15.9bn, NK 1.4bn more than the budget estimate. The

rise in production value partly reflects the recent increase in oil and gas prices, and partly the fact that output was slightly higher than forecast. It reached 30.6m tonnes of oil equivalent last year, 0.8m tonnes more than expected.

Previous adjustments of Norway's petroleum income and production estimates have generally been downwards. The increase in the 1978 figures is good news for the Government, which is struggling with huge payments deficit and a sluggish domestic economy.

world—at Sinop on the Black Sea and Pirinçlik in the eastern part of the country. These enable the U.S. to monitor Soviet air and naval activity and missile and nuclear weapons tests.

In addition there are about two dozen other facilities including nuclear sites, air fields, warning radar sites, early for tactical aircraft and supply and ammunition depots for U.S. air and naval forces operating in the eastern Mediterranean.

At the Incirlik air base in south-eastern Turkey, near Syria, are stationed the most forward deployed land-based U.S. aircraft in the eastern Mediterranean area capable of launching a tactical nuclear strike.

A U.S. Congress report assessing the value of the Turkish bases declared that "the Turkish intelligence installa-

tions provide valuable support to the overall U.S. intelligence gathering effort aimed at the Soviet Union and thereby augment knowledge of Soviet compliance with anti-ballistic missile and strategic arms limitation agreements, their military activities, their testing of missiles, satellites and their explosion of nuclear devices."

It has been estimated that 25 per cent of all information obtained by the U.S. on Soviet missile launches comes from Turkey. This information, states the Congress report, could not be "totally replaced" through relocation or other means. The essential value of Turkish bases was securing information that strongly confirmed data obtained elsewhere.

Talks will be based on the draft of an agreement prepared by the Turkish side. Officials said that a chief aim will be to strengthen Ankara's control of

the bases through an increased presence of Turkish military and technical personnel. The accord will contain no financial clauses, they said.

"The U.S. opposes this move on grounds that it may set a precedent. However, President Carter is to ask Congress for \$800m in military assistance to Turkey in 1980, some \$75m in excess of the previous allocation."

The U.S. ambassador to Turkey will lead his country's delegation to the talks which will commence at the technical level and are expected to last about a year.

Washington's military interests in Turkey are closely connected with President Carter's commitment to help Mr. Ecevit bring an end to his country's economic crisis, a commitment conveyed last week by Mr. Warren Christopher, the U.S. Deputy

Secretary of State, during an official visit.

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## Demonstrations in Iran follow Shah's departure

By OUR FOREIGN STAFF

IRANIAN TROOPS fought thousands of demonstrators in the southern oilfields city of Ahwaz yesterday, the day after the Shah left the country. At least 25 casualties were reported.

Groups of armed officers and soldiers ran through the streets of the city after midnight, firing tear gas and live ammunition. One serious clash occurred when armed troops came across a group of demonstrators attempting to topple a statue of the Shah.

Elsewhere in Iran, widespread strikes and disruptions continued yesterday, as workers expressed their anger at the Shah's failure to abdicate formally.

"Nothing has changed. The Shah has left, but the system is still the same," said a spokesman for Khomeini, the leader of the opposition National Front.

He said the National Front agreed with the position of the Ayatollah Khomeini that the civilian government of Dr. Shapour Bakhtiar should be replaced by a new government elected by the people. He said the National Front was expected to make few public

appearances before he flies to the U.S. before the end of the week.

Iran radio announced during the day that Iran's ambassador to the U.S., Ardeshir Zahedi, has resigned, and that seven other ambassadors have been relieved of their posts. They are the ambassadors to Britain, the United Nations, France, Brazil, India, Syria and Italy.

The earthquake which hit a remote area of north-eastern Iran on Tuesday, at about the same time as the Shah's departure, may have caused 1,000 deaths, according to the Tehran newspaper Ettelaat. The total number of bodies so far recovered is 189.

The National Iranian Oil Company (NIOC) has said it will be exporting 800,000 tons of oil in the next few days from Bandar Mahabahr and Kharg Island, Iran's first exports for several weeks.

Meanwhile in Paris, a top aide to the Ayatollah Khomeini has said he expects the Ayatollah's new provisional Government to be announced within the next few days.

In Aswan, Egypt, the Shah was staying at the Oberoi hotel, on an island in the Nile. He is expected to make few public

## Rhodesia calls for wages curb

By Tony Hawkins in Salisbury

RHODESIA'S TRANSITIONAL Government yesterday renewed its call to both employers and employees to exercise moderation in wage and salary negotiations.

In a statement giving a broadly gloomy assessment of the economic outlook, the Government said that since the wage freeze was relaxed in mid 1978, most wage agreements had shown commendable restraint. Higher increases had been paid to lower income groups (blacks), and such moves towards a narrowing of the income gap were acceptable as long as they were gradual.

However, the statement warned that the Rhodesian economy would continue under strain in 1979 with real income likely to fall for the fifth successive year. "Clearly the economic indicators all point to the need for continuing restraint in prices and in negotiations for wage and salary increases." The statement urged businessmen and trade unions to "keep in mind" the many adverse factors that will influence the Rhodesian economy.

The Government said business profitability was being adversely affected by the security situation, transport congestion and more stringent application of economic sanctions.

## A negotiator for the Third World

By HUGH O'SHAUGHNESSY

A STRONG call for the establishment of an Organisation for Economic Co-operation among Developing Countries (OECD) to assist the Third World in its negotiations with the developed countries, was made this week by Mr. S. S. Ramphal, Secretary-General of the Commonwealth Secretariat.

Saying that relations between the developed and developing world had in the mid-1970s moved from the level of petition to that of negotiation, Mr. Ramphal argued that the poorer countries were particularly ill-equipped for the process of detailed bargaining on trade and general economic subjects. This lack of expertise was made all the more serious,

he added, because of the increasing effective co-ordination among the richer countries in such forums as the EEC, the Nordic Council, the OECD and others.

Mr. Ramphal, a former Foreign Minister of Guyana, was speaking at a conference in Windsor organised by the World Bank and the Overseas Development Institute.

He added that in many cases the negotiating stance of the developing countries was maintained by "a group of dedicated ambassadors in Geneva and Brussels who often had little support from their capitals."

In a paper Third World Unity: Mirage or Mandate?, The case for better organisation of

the South, Mr. Ramphal said, "Neither in the Non-aligned Movement nor in the Group of 77 is there any permanent machinery established to carry out the essential preparatory economic work of analysis, co-ordination or of planning. There is no permanent Third World machinery for exploring the collective policy options of the developing countries; there is no established cadre of professionals engaged on developing a negotiating strategy for the South."

The net result of all this is that the South is almost wholly unorganised in terms of negotiations with the North and even in terms of relations within the South. "When considering the group-

ings through which a new institution could be established Mr. Ramphal suggested that the Non-aligned Movement was beset by too many doubts and misgivings and doctrinal impediments on the part of members to be the parent body.

The Group of 77 probably provides the most propitious habitation for it: certainly, it is a practicable inter-governmental authority for establishing it and laying down its policy prescriptions."

Mr. Ramphal added that working on a budget of about half of the UN Economic Commission for Africa the OECD could be financed by the Group of 77 countries on the basis of less than \$25,000 a year for 75 of the groups 117 members.

## Settlements row clouds U.S. Mideast talks

By DAVID LENNON IN TEL AVIV

THE AMERICAN effort to renew the Middle East peace talks which started in Jerusalem yesterday was overshadowed by a growing row between Washington and Jerusalem over Israel's decision to build three new settlements.

Mr. Alfred Atherton, the special U.S. envoy, held two meetings with the Israeli negotiating team, headed by Dr. Eliahu Ben-Elissar, director-general of the Prime Minister's

office. The U.S. is seeking ways to overcome the deadlock on the interpretation of two of the clauses in the draft Egyptian-Israeli peace treaty worked out in November.

Officials here have not planned any great hopes on the new U.S. mediation. Israel is not proposing any new ideas and officials here say that the success of the talks will depend on the ability of the U.S. to offer acceptable new ideas.

But all this was overshadowed by reports from Washington that President Carter was sending a sharply worded letter to Mr. Menachem Begin, the Prime Minister, protesting Israel's decision to build two new settlements on the West Bank and one in the Gaza Strip.

Israeli papers yesterday quoted an unnamed U.S. official as saying that Mr. Carter was sending a protest note. He added that the creation of new settle-

ments would not help the American mission, or the convening of a new summit meeting between President Carter and President Sadat and Mr. Begin.

Officials in Jerusalem said privately that this was gross U.S. interference in Israel's domestic affairs. They were especially angry over the way the news of the letter was released in Washington before it had reached Jerusalem.

## Pakistan's economic bonus from boom in shipbreaking

By CHRIS SPERWELL IN ISLAMABAD

OUTSIDE downtown Karachi's unattractive Metropole Hotel, stacked atop a rushing 1950s vintage Ford Anglia, is displayed an array of ship lights, complete with brass and copper fittings, and a scarlet lifebelt. In the bazaar and second-hand markets of this bustling port, the shipbreaking industry is the most visible spin-off of the country's biggest growth industry, shipbreaking.

Thirty-five miles west of the city, across the Hub river and into Baluchistan province—well beyond where foreigners can go—stands a graveyard, which would break a nautical heart. The hundred and thirty-eight ships in various stages of dismemberment lie beached along a 15-mile stretch of once-golden sand, driven straight in from the sea for the last time. This is Gadani, site of the world's third largest shipbreaking industry.

Thousands of men crowd like ants over the hulls, wielding oxy-acetylene torches to cut the steel. Cheap labour is the key to Gadani's success and the work is practically all manual. Winches help load hundreds of trucks which cart pieces of steel to market across shocking roads. They also haul water for the workers and food too. There is no electricity, no telephone, no proper housing and no schooling.

To some of the Karachi entrepreneurs behind this extraordinary activity there is no industry either. Because ships can be loaded and broken at enormous profit in less than a year, and because they can get out of the business in as little as six months, it fits most of the requirements imposed by Pakistan's sour investment climate. It is, as one of them observed candidly, a trading activity.

Breakers can expect to reap as much as \$180 a ton profit on the purchase of a scrap vessel if they take it through to the point where the scrap steel is sold in Karachi. Even this is not as good a margin as it was. One man breaking his second ship reckons he'll make less than on his first, on which he made still less than those who were in at the beginning less than a decade ago. Another says he is moving out of buying and beaching to concentrate on the more profitable breaking.

Thus, while the growth has been spectacular—six years ago there were still only four ships at Gadani—the boom is expected to falter in the coming few years. The Russian-built Karachi steel mill, now expected to be producing in 1982, is supposed to meet most of the country's scrap needs.

On top of this, steel short India is entering the market in a big way, aiming to become second-largest breaker behind Taiwan. In addition, things could become still tighter if world trade picks up and squeezes the scrap vessel market.

None of this has stopped Pakistan's military-cum-civilian Government from stepping in to exert some of its own influence. Any economic development of the backward Baluchistan region is politically useful, particularly if it brings money and jobs.

The business is also an important revenue-earner through customs duties and taxes, and a foreign exchange saver on steel imports. Growth must therefore be put on to a less haphazard basis than in the past, in the eyes of the authorities by the eyes of the shipbreakers' beliefs that their industry is not

in fact an industry they themselves have sought to get it classified as such. Industries in Baluchistan are exempt of tax for five years and pay no import duty on machinery or raw materials. Being mostly Karachi-based, they have also sought to have key issues handled by the federal Government rather than the Baluchistan Government.

The results of all this have only recently become apparent. After a highly-publicised visit to Gadani last October, Pakistan's military ruler, General Zia-ul-Haq, announced that shipbreaking would be classified as an industry, and he unveiled a number of advantageous tax breaks. He also said a customs post would be established at Gadani so that formalities over ships not carrying cargo for Karachi on their last voyage could be handled directly at Gadani.

The shipbreakers were also told that they do not have to renew each year the leases they hold on their four-acre plots. As they have heard nothing yet of the "development charges" they are likely to have to pay, the five-year security they have now received is doubly comforting.

Although more than half the total of 314 plots at Gadani have not yet been leased, they are not easy to come by, particularly at the proper rate of Rs20,000 (\$2,000). Sub-leasing of a plot is not allowed strictly speaking, but rents of Rs100,000 for one shipbreaking operation are not unknown.

### Labour costs up

Labour costs have grown 100 as the competition among breakers has increased. Dissatisfied workers among the total force of some 10,000 can move on to another plot for better wages, but the typical pay is said to be around Rs1,000-1,200 a month—above average in Pakistan but well below wages in most jobs in the Gulf. The employers' responsibilities for developing roads and schools.

At the moment the ideal ship for breaking at Gadani is one containing 4,000-5,000 tons of steel. Anything larger takes too long to break, anything smaller does not have enough in terms of equipment and other features such as bronze content.

Breakers are the best ships, having more steel and thicker plate. Passenger ships are the worst and cargo ships come in between. All of them have encouraged a spare parts business for ships calving at Karachi, another obvious spin-off.

Altogether many tens of thousands of people have benefited from Gadani's growth. But there remains a problem in monitoring the activity. The Baluchistan Development Authority, which has recently been given the responsibility in allocating the plots at Gadani, and Lloyd's, which watches ships from cradle to grave, have to know what is there when the ships are beached.

The bow is the first to be cut, while the stern is out to sea, noting names and origins is therefore difficult.

And the ships are from most parts of the world, including the Soviet Union.

No one can easily explain exactly why owners and agents want to sell their ships to Pakistan rather than elsewhere. But no one in Karachi doubts that it is an unexpected economic bonus for the country shed out by its own entrepreneurs without Government help.

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upholstered and contoured to the shape of your body. They're also covered in a luxurious new cloth fabric that feels as soft as wool. This same fabric has been lavishly used throughout to line the doors, pillars and roof. Behind, there's 18 cubic feet of boot space to comfortably take care of your luggage.

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## AMERICAN NEWS

## Carter reveals wage 'insurance' plan to Congress

BY JUREK MARTIN, U.S. EDITOR

THE CARTER Administration yesterday submitted to Congress a rather modest version of its "real wage insurance" programme, which was the most novel aspect of the domestic anti-inflation measures unveiled last October.

The purpose of the scheme is to induce workers to accept the 7 per cent wage ceiling this year by offering tax rebates if the rate of inflation exceeds 7 per cent.

The nub of the details sent to Congress is that only the first \$20,000 of a worker's annual income would be "insured" up to an inflation rate of 10 per cent. This means that the maximum rebate anyone could receive would be \$800 (i.e. 3 per cent of \$20,000). Additionally the rebate would then be taxed as ordinary income, thus further reducing its real return.

This scheme, even as outlined last October, had attracted much unfavourable comment from Congress and from organised labour. Its legislative prospects are not considered very bright, while Labour can be expected to renew its opposition, arguing that the incentives to abide by the voluntary guidelines have been reduced by the modest promised returns.

Nevertheless, in spite of some scepticism inside the Administration about the efficacy of the scheme, it was sent to Capitol Hill with urgent pleas for its prompt enactment.

In an accompanying letter, Mr. Michael Blumenthal, the Treasury Secretary, said that real wage insurance was "a powerful incentive" to wage restraint. "More than any other single proposal before the Congress," he wrote, "real wage insurance promises a direct and major impact on the wage price spiral."

Mr. Blumenthal argued that this was not a tax-cutting pro-

posal which would be inflationary because it would widen the deficit without contributing to wage moderation. Nor, he said, did it constitute indexation, which would be "a surrender to the problem rather than a solution to it."

The figures in the legislative proposal bolster his contention in that the projected real cost to the U.S. Treasury might be quite small. It forecasts participation in the programme by about 47m workers and an inflation rate for the covered period (from October last year to October this year) of 7.5 per cent, which would leave a net revenue cost of \$2.5bn.

If the programme persuaded 60 per cent of the eligible workforce to exempt itself with the 7 per cent wage standard, the Treasury calculates, 0.5 per cent would be cut from the 1979 inflation rate.

The rather low ceilings put on potential benefits may be seen as a response to criticisms that the Administration was leaving itself open to a massive drain on revenues if inflation were not controlled.

The Administration has also tried to make the programme as simple as possible, again in response to criticisms that it might turn out to be a bureaucratic nightmare.

Nevertheless, the programme, perhaps inevitably, becomes quite complex in its consideration of exemptions (including the self-employed, workers at small companies, large stockholders etc.), definitions of employee groups, and corporate reporting requirements. The Treasury is insistent that the programme would be needlessly intricate if it were applied on an individual, rather than a group, basis.

The Administration's record of getting its tax proposals through a suspicious Congress in anything like their original form has not been good in the last two years.

Even though the President now enjoys much better standing on Capitol Hill than hitherto, tax legislation is a jealously guarded Congressional preserve.



Mr. James Schlesinger

## Schlesinger urges new effort to save energy

WASHINGTON—Mr. James Schlesinger, the U.S. Energy Secretary, has appealed to Government and business leaders to increase energy-saving efforts to help the country weather the oil strike in Iran.

Mr. Schlesinger has warned that, while the U.S. does not yet need mandatory conservation measures to cope with the slowdown in Iran, it may need them in several months if the voluntary measures don't work.

In letters to the 1,500 governors, mayors, county officials, trade association leaders and corporate executives, Mr. Schlesinger declared that, once again, "the nation faces a potentially serious energy problem."

State and local officials were urged to order strict enforcement of the 55-miles-an-hour speed limit, to turn down the heat in public buildings and to minimise official travel.

Corporations were asked to keep their buildings at 65 degrees or cooler during the day, and at 55 degrees or cooler at night. Mr. Schlesinger said homeowners should be urged to increase standards and employers and workers should be urged to increase the pooling of cars and use of public transport.

AP-DJ

## THE ARGENTINE ECONOMY

## Holiday spirit as inflation reaches 170%

BY ROBERT LINDLEY IN BUENOS AIRES

COPING with an inflation rate which officially was 169.8 per cent last year—9 per cent more than in 1977—is bewildering, even to many Argentines, who are the victims of this highest inflation rate in the world.

In dollar terms, Buenos Aires is more expensive than any other major capital in the world. On the surface, it is a remarkable failure story: between 1972 and 1978, Buenos Aires was one of the cheapest places to live in the world.

The housewife is the advance guard in this consumers' battle against inflation. It was mostly housewives I heard gasping at a showing of the violence-packed American film *The Driver*. But the gasps came during a tame scene in a San Francisco supermarket, where the price of eggs was shown as \$0.59 a dozen. Here, at the height of summer, eggs cost nearly double that.

But the middle-class Argentine housewife is not buying fewer eggs. And she has not dismissed her maid: there is virtually no unemployment in Argentina. She is economising elsewhere—on bottled mineral water, once a staple in the middle-class Argentine home, and household cleaning products. She goes less frequently

to the hairdressers, where a wash and set in a neighbourhood emporium costs \$12.

What the Argentines are doing more than ever before is vacationing abroad—so much so that a popular local joke is more truth than fiction:

First worthy: "I, because I'm rich, am going to holiday in Mar Del Plata (a favourite Argentinian holiday spot). Second worthy: "I, because I'm poor, will vacation in Punta Del Este (the Chic Uruguayan Atlantic resort). Third worthy: "I, who am very poor, will holiday in Miami and South Africa."

It is estimated that the Argentines will spend about \$500m on holidays abroad during the 1978-79 summer season. Most are going to Miami, Punta Del Este, South Africa and Brazil, in that order. The main reason is that the value of the dollar, increased only 65 per cent in relation to the peso, and is therefore cheap in pesos.

One estimate is that between November, 1978, and March, 1979, about 400,000 tourists will have left Buenos Aires' Ezeiza International Airport. Braniff Airlines has booked all its 9,000 seats from here to the United States for January and February. Argentine Airlines has added 60 flights to meet the holiday

rush to South Africa. The South African Consulate here expects to issue 30,000 visas this year, compared with 14,200 last year and 6,600 in 1977.

The U.S. Consulate is so busy issuing 700 visas a day that it has had to bring in staff from neighbouring countries. The Argentines are enticed to South Africa and Miami by the bargains like wine and lobster dinners at \$7 a head in Cape Town and a substantial meal in Miami for \$5, which will buy only a coke and a hot dog in Mar Del Plata (where a summer house costs \$2,000 a month).

According to Mr. Oliver Remy, a Buenos Aires travel agent, the Argentines have other reasons for holidaying abroad. "In Argentina," he said, "you are treated badly and the bathrooms are something out of the dark ages. Switzerland is an expensive place, but they treat you well, the bathrooms are clean and everything is first class."

Also luring Argentines abroad is the recent relaxation on the amount of foreign purchases which returning tourists can bring in duty free: \$500 in duty free accompanied luggage is a great enticement for the Argentines, accustomed to 35 years of import restrictions. As a World Bank official puts it: "Why

should I buy a so-called American brand shirt made locally for \$25 when it costs me only \$12 in Washington?"

The Argentine businessman and industrialist, if Dr. Juan Alemann, the Finance Secretary, is to be believed, are cutting corners at the State's expense to help themselves through the crisis. Dr. Alemann reports that companies dodge 40 per cent of their tax liability and that only about 35 per cent of the value added tax (VAT) is passed on to the Treasury by hotels, bars and restaurants.

As a result, tax inspectors keep an eye on the more fashionable watering holes, not only to check on whether the proprietors report the VAT they collect from their clientele but also to check on the big spenders among the clientele itself.

And there is much "black capital," says Dr. Alemann, recalls the case of a company manager who absconded with \$3m of his firm's money, leaving the company unable to denounce him because it was all black capital.

But although the \$3 steak dinner is a thing of the past and a demi-tasse of coffee costs \$0.50 at a stand-up espresso nook, the restaurants are doing

well with menus which start at \$10 for a three course meal—so well, that 30 new ones have opened in downtown Buenos Aires in recent months—and the espressos are crowded all day long.

And although a locally-made Ford has more than \$18,000, a total of 174,000 units for the local market was manufactured last year, only 26,000 fewer than in 1977.

The number of bankruptcies is no higher than when there is no crisis, and fewer Argentines than in "normal" years are auctioning their possessions to pay bills. There are fewer beggars on the streets than at almost any time in the last 25 years.

The contention of Sr. Jose Alfredo Martinez de Hoz, the Economy Minister, that a minimum of two paychecks enter most Argentine homes may not explain why it is possible that there is no hunger here and that the Argentines are maintaining their tradition of dressing well. After all, the average basic salary does not reach the peso equivalent of \$200.

But although most Argentines have been forced to economise, they are proving once again "Argentina da para todo." "In Argentina, there's enough for everybody."

## Momentum grows to stop large mergers

WASHINGTON—Momentum is growing for new anti-trust proposals to be enacted in the U.S. Bills are already being drafted, with the aim of curbing big mergers.

Proposals on conglomerate mergers have been prepared by the Justice Department, the Federal Trade Commission (FTC), and Mr. Edward Kennedy, the Massachusetts Senator and the new chairman of the Senate Judiciary Committee. The proposals differ in some details, but they would all, with limited exceptions, prohibit major acquisitions by companies with \$2bn or more in assets.

The White House is studying the anti-merger proposals to decide whether President

Carter should endorse the view that major mergers are bad in his State of the Union address. Mr. David Boies, one of Mr. Kennedy's aides, says he is "optimistic" concept will receive support from the Carter Administration.

Adding to the momentum for more anti-trust legislation, a commission appointed by President Carter to study the anti-trust laws voted on Tuesday to sponsor a long list of recommendations which seem likely to result in quicker and tougher anti-trust enforcement.

The 22-member commission, as expected, recommended strengthening the Sherman Anti-trust Act to make it easier to prove that companies are monopolising markets.

## U.S. industrial production up by 7%

By David Buchan in Washington

INDUSTRIAL production in the U.S. rose by 0.6 per cent in December, the same increase as in the previous month, bringing the rise in industrial output in the last quarter of 1978 to 7 per cent at an annual rate.

This relatively strong performance, led by the consumer durable and non-durable goods, business equipment and construction sectors, does not confound the many private economic forecasts that the U.S. is headed for a slowdown this year.

Unemployment rose slightly in December, and Government forecasts show an expected decline in the rate of increase in both retail sales and capital spending by business.

But there are as yet few indicators to contradict the Administration's forecast that the U.S. economy will not only avoid a recession this year, but grow by between 2 and 3 per cent in real terms. The December output figures, released yesterday by the Federal Reserve Board, showed the only major decline in the car industry, where production fell by some 4 per cent to an annual rate of 9.3m units.

Otherwise, output gains were reported to be widespread by the Fed for the whole of 1978, industrial production was 5.8 per cent above the 1977 level.

## Egg warning

WASHINGTON—The U.S. Federal Trade Commission yesterday banned the egg industry from advertising that there is no scientific evidence that eating eggs increases the risk of heart disease. The FTC said that advertising must include a clear disclosure that many medical experts believe that increased consumption of eggs may increase the risk of heart disease.

Reuter

## Green light for New York sale of notes

By John Wyles in New York

NEW YORK CITY has been given a rather faint green light, but a green light nonetheless, to go ahead with a planned \$100m sale of short-term notes.

The signal to move forward has been issued by Moody's Investor Service which has given the Notes a MIG-3 investment grade. This ranks better than the MIG-4 allocated by Moody's in November 1977 which prompted the cancellation of a planned sale because it was the poorest possible grading, short of no rating at all.

The current sale, which is scheduled for January 29, has great symbolic significance because it will be the city's first excursion into the public debt markets since early 1975, when it threatened to default.

The Moody's rating will give Mayor Edward Koch some help in claiming progress

## Ex-Treasury chief to buy baseball team

BY OUR U.S. EDITOR

MR. WILLIAM SIMON, the former U.S. Treasury Secretary, is apparently on the verge of buying a major league baseball team, the Baltimore Orioles.

Negotiations for the sale, for about \$12m, are reported to be in their final stages. It is not immediately clear if Mr. Simon is acting on his own account (or with partners). He was quoted recently as saying that, although he would welcome investment associates, he could handle it on his own if necessary.

The Orioles have been owned by Mr. Jerold Hoffberger and members of his family since 1965. Although one of the most consistently successful teams in baseball over the past decade, the Orioles have struggled financially in Baltimore, an industrial city with a pre-occupied and low-cost sporting entertainment, rather than the more exotic and expensive athletics palaces which have become a feature of other flourishing cities.

One of Mr. Simon's options, should he buy the team, would be for it to play some of its games in Washington, which has been without first-class baseball since 1970, when the Senators moved to a suburb in Texas.

This might appeal to the former Treasury Secretary, who is in the national limelight, and whose status in the capital would doubtless be enhanced.

Mr. Simon is an investment banker by profession and,

although an avid tennis player, who sports a perpetual suntan and is a collector of antique firearms, was not previously celebrated for his sporting inclinations. However, it is becoming quite fashionable these days for wealthy public figures to move into the business side of sport.

His former Cabinet colleague, Dr. Henry Kissinger, is not only to become co-chairman of American soccer, but has taken an option to buy a soccer team franchise at some stage in the future.



Mr. William Simon

## Bidders offer \$328m in Treasury gold auction

WASHINGTON—The U.S. Treasury Department sold 100,000 ounces of 999.5 fine gold at yesterday's gold auction at an average price of \$328.71 per ounce and 500,000 ounces of 901 fine gold at an average of \$218.22 per ounce.

The Treasury received bids for a total of 5.6m ounces of the 999.5 fine gold and bids for 1.3m ounces of the 901 fine gold.

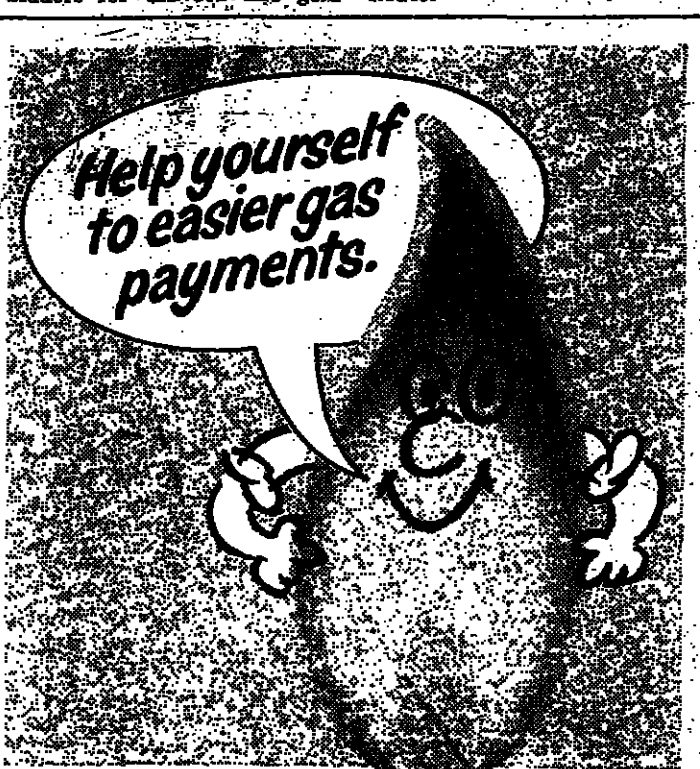
The Treasury said that there were 18 successful bidders for the 999.5 fine gold at prices of up to \$222 per ounce.

There were 14 successful bidders for the 901 fine gold

at prices ranging from \$217.51 to \$220.35 per ounce. Gross proceeds from the sale was \$328.8m, of which \$63.3m will be used to retire gold certificates held by Federal Reserve banks. The remaining \$265.5m will be deposited in the Treasury as a miscellaneous receipt.

The Treasury said the General Services Administration will release a list of successful bidders and the amounts awarded later.

At the next sale on February 20, the Treasury will again offer about 1.5m ounces of gold



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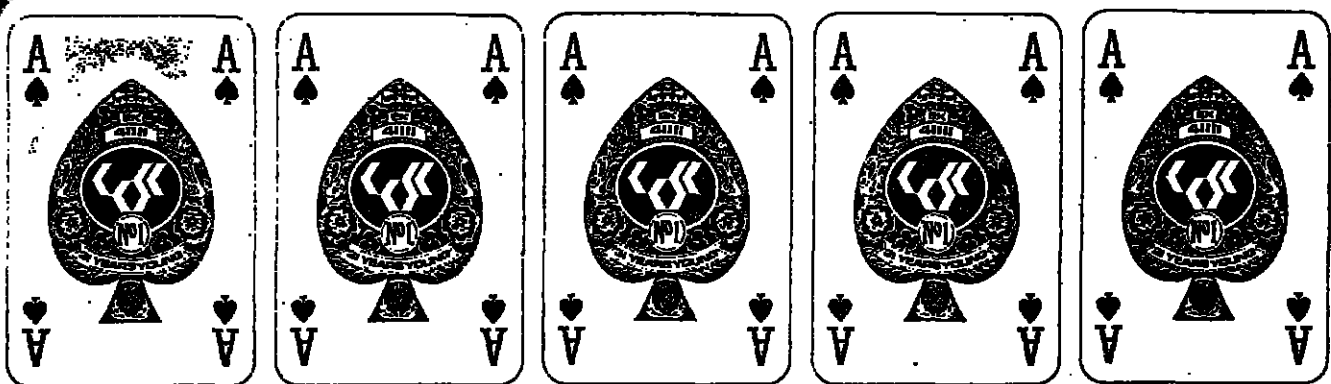
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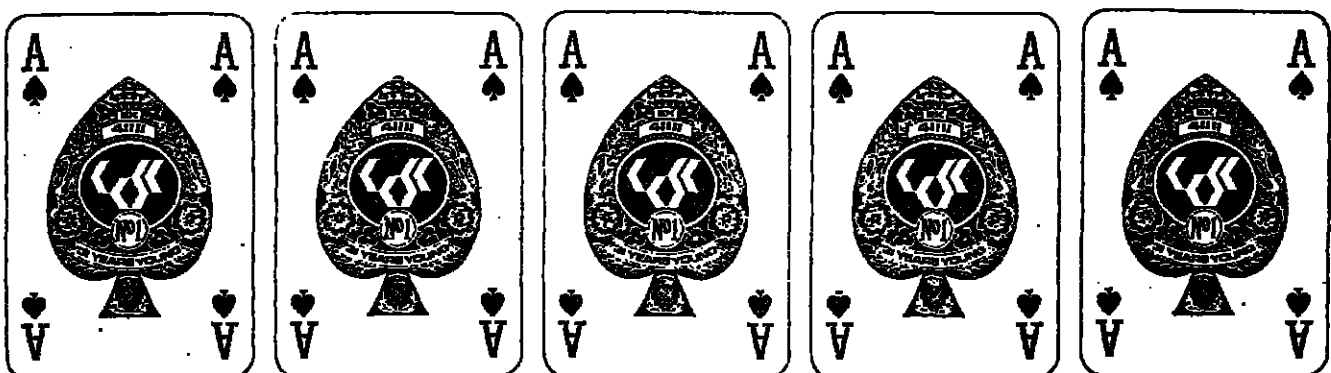
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\*Ford computed data. Vehicle illustrated is fitted with fuel consumption test tank.



## WORLD TRADE NEWS

## Major Soviet purchases double debt with the West

BY DAVID SATTER

THE SOVIET Union's debt with the West almost doubled during the first nine months of 1978 compared with the equivalent period in 1977, according to figures in the Soviet foreign trade journal.

Apparently reflecting the cost of massive Government purchases during the first and second quarters, the figures put the Soviets in deficit by roubles 2.16bn (£1.64bn) in their trade with the industrialised capitalist countries during the first nine months of last year, 89 per cent more than for the equivalent period of 1977.

Soviet imports of Western goods increased by 10 per cent, reaching roubles 8.43bn (£6.50bn), while Soviet exports to the West fell 2 per cent to roubles 6.27bn (£4.75bn).

The total deficit was only marginally increased during the third quarter. With most of

the grain buying necessitated by shortfalls in the 1977 harvest complete, the Soviets built up a modest roubles 353.7m deficit in the third quarter, or 12 per cent of the nine-month total.

Thus the 1978 debt with the West is expected to far exceed the 1977 deficit, which stood at Rs 1.11bn. It should fall short of the 1976 deficit, however, which was almost Rs 3bn.

The pressure on foreign exchange caused by the large 1978 grain purchases from the U.S. and other countries was believed to be one of the reasons the Russians signed very few major industrial contracts in 1978.

The figures published yesterday showed that overall the Soviets achieved a Rs 723m surplus in their foreign trade with surpluses of Rs 1.07bn in their trade with Socialist countries and Rs 1.82bn in their trade

with the Third World.

Soviet Foreign trade volume during the first nine months of 1978 increased 9 per cent over the equivalent period of 1977 to Rs 51.45bn. Socialist countries accounted for 59 per cent of total trade, capitalist countries 29 per cent, and the third world 12 per cent.

Alan Mackie writes from Cairo: Egypt has cancelled all its remaining barter trade agreements apart from those with the Soviet Union, Minister of State for Economic Co-operation Mr. Gamal Al-Nazer announced. Thus foreign trade is now effectively transacted in hard currency, and after the amalgamation of the official and parallel rates on one January, at one exchange rate, Egypt will use the \$50m annual surplus in its Soviet trade account to pay off over the next four years. Its remaining \$200m Russian civil debt.

## France maintains tough stand on GATT

By Brij Khindaria in Strasbourg

HOPES THAT the Tokyo Round of trade negotiations will end substantively this month were dampened following a peace-setting speech here by French Foreign Minister Jean-François Poncelet to the European Parliament.

Community sources said his references to the GATT Tokyo Round mean that the February 5 session of the Common Market's decision-making Council of Ministers will not undertake a thorough review of developments in the GATT negotiations. The trade talks round are on the Council's agenda, they say, but are unlikely to be given high priority.

M. Poncelet, whose country is president of the Council for the first half of this year, said the Tokyo Round's conclusion depended on a U.S. Congress decision expected to be taken around April.

It now appears that France will continue its tough stand blocking approval by the Community of the GATT package until Congress renews a waiver on a U.S. countervailing duty law that came into force on January 3. About \$500m worth of Community exports to the U.S. became eligible for law for U.S. to compensate for alleged export subsidies.

## Third World imports show little impact on UK jobs

BY DAVID MARSH

IMPORTS OF manufactured goods from newly industrialising countries have so far had only a negligible impact on employment in the UK, according to an official British report published yesterday.

The report, prepared by a working party drawn from several government departments and the Bank of England, estimates that increased purchases of manufactured products from the NICs in 1970-77 probably displaced more than 2 per cent of the 1970-UK labour force in the industries concerned.

As the increase in UK manu-

factured exports to the NICs probably caused a roughly similar increase of unemployment, any net displacement of labour resulting from trade in manufactures with the NICs was clearly quite small," the report concludes.

Pointing out that the UK maintains a comparative advantage in innovative goods and in "high skill" manufacturing and services, the report recommends that industrialised countries should go on adjusting in response to competition from the NICs, which it notes is an important topic in the North-South dialogue.

## GM in Austrian talks

BY PAUL LENDVAI IN VIENNA

THE SECRETARY of State in the Austrian Federal Chancery, Dr. Adolf Nussbaumer, has confirmed that, in addition to Ford, General Motors is also interested in setting up a subsidiary plant in Austria. It is also reported that Chancellor Dr. Bruno Kreisky will meet top managers of the U.S. company on Thursday.

According to Press reports, General Motors wants to set up a plant to manufacture metal components in Koeflach in the province of Styria, using the facilities of a former bicycle plant which became bankrupt a couple of years ago. The project would mean jobs for some

130 to 250 people, Dr. Nussbaumer said.

The U.S. concern is also said to be interested in a much larger motor project in Austria, though these discussions are nowhere near as advanced as the negotiations with Ford. And as far as the latter project is concerned, the Secretary of State has cautioned that "several competitors" (countries) are still in the running for the Ford plant. Meanwhile talks are also under way with Soviet state agencies about the possibility of joint production of a cross-country vehicle in Austria under the "Taiga" brand name.

## UK unions oppose EEC textile plan fearing threat to workforce

BY RHYTHS DAVID

EEC PLANS to promote the development of outward processing in textiles—temporary export of goods for finishing in third countries—look like running into strong opposition from trade unions in Britain.

The Commission in recent talks with the EEC Mediterranean associates on textile import levels for 1979 has been making separate provision for goods subject to outward processing and has drafted regulations to cover the practice.

This procedure has now been strongly attacked by the National Union of Dyers, Bleachers and Textile Workers (NUDBTW), the main Yorkshire textile union, as representing a serious threat to jobs. The union is concerned that the removal of one stage in the processing chain, such as garment-making, will damage the vertical structure of the industry in developed European countries.

The practice has been developed farthest in West Germany where textile groups now im-

port millions of garments from Mediterranean countries where labour intensive operations such as sewing can be carried out much more cheaply. Earlier processes such as weaving which are capital intensive are still carried out by German mills.

The Commission has been seeking to regularise the practice which effectively gives the Mediterranean associates, a group of countries which includes Spain, Greece, and a number of North African states, a substantial increase on top of the quotas laid down by the EEC for exports wholly originating in those countries.

The NUDBTW, in a document published in those countries, claims that it is paradoxical that only a year after the EEC had reached a series of bilateral agreements with supplying countries which should have strengthened the European textile industry, it was now seeking to develop a method of trade which would transfer large sections of it to other economies.

Although initially such trade may be limited it would not be very long before the countries concerned expanded into other processes and sought to do the whole of the manufacture right up to the finished article," it states.

In proposing such terms of trade and reaching agreements with a number of Mediterranean countries which include outward processing the Commission is placing the UK textile and clothing industry in a dilemma which is totally unacceptable, the union says. If the UK rejects the quotas for outward processing, arguing that this would lose a large number of jobs, the quotas could be taken up by other EEC members.

The union proposes that the UK should veto the acceptance within the EEC of further outward processing quotas and take unilateral action against the countries concerned. It should also seek to have outward processing restricted to current levels.

## Swedes to legislate on S. Africa

By William Duffell in Stockholm

THE SWEDISH Government has decided to seek Parliamentary legislation forbidding new investments by Swedish companies in South Africa. It hopes to table a Bill in March and to have a law effective by July 1.

The decision was announced yesterday by the Trade Minister, Mr. Hagar Carlsson, after he had failed to get a voluntary agreement from "the Swedish companies involved." The decision was timed to coincide with the appearance of Prime Minister Ola Ullsten before the UN Anti-Apartheid Committee in New York.

There are roughly 20 Swedish companies involved in South Africa, of which eight have manufacturing plants employing 5,500 people.

Mr. Carlsson said the legislation envisaged would prohibit Swedish companies from collaborating in the establishment of any new business or investing in new plant and equipment in South Africa.

## MAN-MADE FIBRES

## Developed nations' share dwindles

BY CHARLES BATCHELOR IN AMSTERDAM

A NEW round of raw material price increases threatens to overtake excess capacity as the main problem facing the man-made fibre industry in 1979, according to the Dutch-German fibres group Enka.

Material costs will be the key issue in an environment of unstable textile and tyre markets, the company said in a market review. The increased costs will have to be passed on in prices.

The capacity problem may be considered largely solved as the 1979 market stabilises and the EEC Commission approves capacity cuts agreed between European manufacturers, the review said.

Enka, which encompasses the fibre activities of the Akzo chemicals group, is moderately optimistic agreement will be reached with the Commission, which last year rejected the manufacturers' proposals.

The man-made fibre industry has tailored its production to the low growth of its industrial customers but has only taken fragmentary action over its losses. It must now push for further structural improvements if it is to recoup losses, Enka said.

Problems are being increasingly felt in the area of man-made fibres for industrial use, so far a relatively stable segment of the market. While industrial fibres only represent

15 per cent of the market, they are major business for some producers, including Enka. Despite the system in the car industry, the longer life of tyres has meant there has been no

tion away from Western Europe to Third World and state trading nations slackened its pace.

In Western Europe man-made fibre production rose at the

tastes in fashion.

There is no sign of a fundamental change of the picture, however. The man-made fibre industry will continue to grow faster outside Western Europe, Japan and the U.S. Production outside these three areas accounted for 35 per cent of the world total in 1978 compared with 34.5 per cent in 1977. The 'other countries' have achieved an average 11.5 per cent annual growth in man-made fibre production in the 1970s compared with 2.5 per cent in Western Europe and Japan and 6.5 per cent in the U.S.

Synthetics have shown the most pronounced shift in price, a reduction entirely at the expense of Western Europe and Japan. Western Europe's share fell to 23.5 per cent in 1978 from 31 per cent in 1970 while Japan's doubled their share to 30 per cent from 15.5 per cent while the U.S. held its share at 32.5 per cent, due to its tariff barriers and the depreciation of the dollar.

The Third World and state trading nations are expected to soon overtake the U.S. in their collective share of the market. Total world production rose 6 per cent in 1978 to 13.5m tonnes. This was matched by Western Europe where growth was also 6 per cent higher at 3.1m tonnes while 1 other countries' increased production by 8 per cent to 4.7m tonnes.

WORLD PRODUCTION ('000 metric tons)						
Year	W. Europe	U.S.	Japan	World	Total	Change
1970	2,628	2,248	1,511	1,987	8,394	+6%
1971	2,882	2,572	1,633	2,238	9,325	+4%
1972	3,049	3,032	1,601	2,565	10,247	+7%
1973	3,420	3,435	1,818	2,911	11,584	+8%
1974	3,171	3,317	1,620	3,202	11,310	+6%
1975	2,611	2,983	1,435	3,445	10,474	+6%
1976	3,164	3,327	1,616	4,092	12,199	+6%
1977	3,016	3,444	1,712	4,405	12,601	+6%
1978	3,190	3,628	1,825	4,755	13,590	+6%

increase in demand for industrial yarns.

The European man-made fibre industry experienced its fourth year of difficulties in 1978. The problem of sales of fibres for apparel has now been compounded by overcapacity in synthetics for the carpet industry. But unlike 1977 European and Japanese producers increased volume sales more than U.S. companies.

For the first time in 1978 the shift in man-made fibre produc-

comparatively favourable rate of six per cent and in Japan by seven per cent. In Europe new fashion trends helped restore man-made fibres to public favour.

The rate of increase of textile imports was significantly reduced reflecting the stricter application of the renewed multi-fibre agreement, the deterioration of the Western European textile business cycle up to mid-1978 and the failure of imports to adjust to changing

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## Michelin plans for Egyptian tyre plant

By Terry Dodsworth

MICHELIN, the French tyre company, has taken a further step in its plans to build a factory in Egypt with the signing of an agreement for a long-term lease on a site near Alexandria. The deal, made with the Egyptian Government, gives Michelin 60 hectares of land at Ameriya.

The French company plans to invest FFr 350m (\$51.5m) in the plant, which is designed to produce about 290,000 heavy duty tyres a year. Final details are expected to be signed within a few months.

## Creusot Loire Turkish order

By Our Paris Staff

SECIM, a subsidiary of Creusot Loire, the French steel and engineering company, has won a FFr 75m (\$17.5m) contract to provide two aluminium mills to Turkey.

The mills will allow NASAS, one of the largest Turkish producers of aluminium strip products, to double its present capacity. Other heat treatment and finishing equipment will also form part of the deal.

In a separate contract, Pechiney Ugine Kuhlmann, the French industrial conglomerate, has signed an agreement to supply a magnesium production plant to China.

## "At Memorex, our commitments are as reliable as our products."



Harry K. Tekawa, Manager, International Distribution and Traffic, Memorex Corporation, Santa Clara, California, U.S.A.

Memorex is a high technology company. We design and manufacture advanced information storage, communications and media equipment for customers worldwide. We stake our reputation on integrity. We've survived and grown in a very competitive industry because we consistently provide high quality products and service. Every week, we send a large shipment of products and parts from California to our factory in Belgium. Goods must arrive on schedule and intact. We use KLM Cargo because it provides dependable service. If ever a problem occurs, it usually takes only one phone call to solve it. That's the kind of responsiveness we count on.

## Time is money

Products can't earn money sitting in cargo terminals. Goods en route won't help your cash flow. Memorex is well aware of that. With 40% of its revenue from international sales, the company relies on KLM for fast delivery.

## Excellence demands excellence

Memorex built its business on excellence. And expects it from its suppliers, too.

Mr. Tekawa says his company's goal is to become our customers' standard of value. So is ours.

Our service must be reliable and efficient. With 2500 specialists around the world dedicated to cargo, it is.

## Your problem is our problem

Every product and its handling requirements are unique. For Memorex, trucks transport goods directly from our 300,000 sq. ft. cargo center

at Schiphol Airport, Amsterdam, to its Liege, Belgium, plant.

KLM is large and flexible. For a growing company like Memorex our network of some 115 cities in 70 countries is an asset. Rush order or normal time, KLM's reputation depends on meeting commitments as much as Memorex's.

**KLM CARGO**



KLM Cargo—part of your product

هكزامن النجمل



## Car safety law call for young children

By Kenneth Gooding, Motor

IT SHOULD be made illegal to carry small children in the front of saloon cars, said Mr. Ken Rogers of the Royal Society for the Prevention of Accidents yesterday.

Speaking at a seminar on "Child Safety in Cars" in London organised by Volvo Concessionaries, he said RoSPA was considering pressing for such a law.

But the present view was that any attempt to introduce a law would first require public and political opinion against legislation requiring front seat occupants to wear seat belts.

Over 9,700 children were killed or injured as car passengers in the UK in 1977. "That number would have been substantially reduced if all these children had been seated in restraints in the back of the car," said Mr. Rogers.

Other speakers at the seminar, most of them experts from Sweden, gave evidence that keeping children in the back seat of the car was not enough and that some kind of restraint system was necessary.

A European standard is being produced for child restraints and it could eventually be an EEC requirement that children in member countries are properly restrained by an approved device.

Barclaycard to sponsor leisure festival

By Arthur Sanders

BARCLAYCARD, THE credit card subsidiary of Barclays Bank, is providing £100,000 to sponsor a national leisure festival at the Royal Showground, Stoneleigh, in Warwickshire in August next year. The show is aimed at all aspects of leisure.

The show is to be held on the 80 and 650 acre site which will be divided into six sections for what Barclaycard describes as a "multi-faceted experience, viable both financially and as a general campaign for the cards."

The present planned sections are aquatics, travel and tourism, sport, camping and caravanning, home and garden and a central section for "daily special events."

Negotiations are in hand for several of the events, including an international side-ski soccer competition. Barclaycard is already negotiating over television coverage.

The planned leisure show overlaps with several other such enterprises, including the Boat Show, the Ski Show, and the Caravan and Camping Exhibition.

Mr. John Quinton, general manager of Barclays Bank said: "The programme is one that will attract great interest both at home and abroad."

By sponsoring the project we are very anxious that we shall be bringing the name of Barclaycard to the attention of not only the crowds assembled at Stoneleigh, but also to many millions of TV viewers.

Mr. Registrar Parbury granted him discharge from a 1971 bankruptcy on condition that he paid a further £3,000 to creditors by instalments. His assets have realised £73,874.

Mr. Ramsay, 47, of Park Street, London W1 is back in the meat trade and is said to be earning £5,000 a year.

Fire safety for builders

GUIDANCE on the safe use of highly flammable materials on construction sites, published yesterday by the Health and Safety Executive, urges that workers should be adequately informed of the precautions and that proper liaison be set up between contractors on large sites.

The booklet notes the legal requirements for the storage and use of highly flammable liquids and liquefied petroleum gas on construction sites, and gives advice on how these can be met. Another section describes how these materials may be stored safely for use in site laboratories.

## Bank gave no reason for Challis tip-off

By Terry Ogg

THE BANK of England gave no reason for seceding the removal of Mr. Alan Challis, former director of Finance at Crown Agents, from the board of First National Finance Corporation in December 1974, the Crown Agents Tribunal was told yesterday.

Mr. Pat Matthews, former managing director of First National Finance Corporation, replying to Mr. Robert Gatehouse, QC, counsel for the Tribunal, said that members of the FNFC board had "discussed it at great length and we acquiesced to the Bank's wishes."

"We did not question it. There must have been a very good reason for them to do it. I remember that it was a time of very great emotion and strain on all bankers."

The Tribunal was set up in December, 1977, to investigate whether there was any breach of duty by individual officials of certain Government departments, the Bank of England or the Crown Agents in connection with the agents' losses of around £200m from its 1977-74 excursion into secondary banking and property.

Asked by the Tribunal's chairman, Mr. Justice Croom-Johnson, what would happen if FNFC had said to the Bank of England: "We will not get rid of Mr. Challis," Mr. Matthews replied that there was no written law in the City that you had to do what the Bank of England told you to do.

But I would not like to do down what the Bank of England tells you to do if you are a banker in the City, especially at a time when it was becoming increasingly difficult in the money market," Mr. Matthews said.

The matter was first raised in the closing stages of Tuesday's sitting when Mr. Gatehouse asked if, in December, 1974, Mrs. Hart, the Minister for Overseas Development made some adverse criticism of Mr. Challis joining FNFC.

"Had you ever been told by the Bank of England to sack one of your employees before?" Mr. Gatehouse asked. "No," replied Mr. Matthews.

Mr. Gatehouse later asked if the Bank had given any clue to the reason for its request. Mr. Matthews replied: "I come back to my board, I had to discuss it with my board, remember, or with certain members of my board and they asked me the same sort of thing as you are asking me now. There was no excuse given, there was no reason given."

Taking the matter up yesterday morning when the Tribunal resumed, Mr. Gatehouse asked if the Bank had been pressed for a reason.

"I pressed as much as I possibly could, which I thought at the time was necessary. I remember this. The Bank of England requests something from a bank in the City and you really do it, unless it is something that is not right, and I did not know whether this was right or wrong," Mr. Matthews said.

"They must have their own reasons, otherwise they would never have asked me to do it."

The hearing continues next week.

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## Scheduled flights to Stockholm sought by British Caledonian

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN, the independent British airline, is planning to introduce scheduled flights between London (Gatwick) and Stockholm and is asking the Government, through the Civil Aviation Authority, to revoke British Airways' licence to fly to and from the Swedish capital.

British Caledonian said yesterday it wanted to implement at least part of the new network of Scandinavian air services awarded to it in October, 1977, but subsequently blocked by the new Anglo-Scandinavian air services agreement signed last year.

Describing this situation as "intolerable," Mr. Alastair Pugh, managing director of British Caledonian, said that through no fault of its own, his airline had been forced to abandon plans for services to Denmark and Norway.

"But we hope to salvage at least part of the Scandinavian network for which we were licensed," he said.

Mr. Pugh said that the new Anglo-Scandinavian agreement enabled British Airways to fly only between the UK and Scandinavia, which, on the face of it, negates the entire Civil Aviation Authority licensing procedure, with all the costly and time-consuming procedures concerned.

"The only way out of this dilemma is for us (British Caledonian) to urge the CAA to revoke or vary a number of British Airways' licences covering services between London, Manchester and Sweden, to allow the way to be cleared for British Caledonian to implement its own operation. Applications for this have accordingly been filed with the CAA."

He added: "In the new application, we have told the CAA that the present circumstances require an adjustment, exchange or re-allocation of routes in order to maintain the respective levels of opportunity as previously licensed to British Airways and British Caledonian."

Mr. Pugh said that part of its plan would be to introduce cheap "innovative fares" on the route to Stockholm. But no details of these are yet available.

Full-time union officials had been prepared to threaten withdrawal of union support if workers again rejected the rescue plan. In the event they took a more conciliatory line towards the fears of many workers about changes in working practices.

Consultation

Mr. Gavin Laird of the Amalgamated Union of Engineering Workers said the management was not being offered a blank cheque and there would be consultations before any agreements were reached on a new wages structure, more labour flexibility or greater use of outside contractors.

Mr. Ken Baker of the General and Municipal Workers Union said that the vote was crucial and that the men had a responsibility to the community.

The Clydebank factory, which is nearly 100 years old, has been operating unprofitably for three years and lost £2.6m in 1977.

Mr. Edward Keenan, president of Singer's European sewing machine division, said that if the company got the co-operation implied by yesterday's vote, the new investment would be justified and the factory could become competitive.

Ferry terminal to open

TOWNSEND THORESEN'S new £11m ferry terminal at Felixstowe is to be opened by Princess Anne on February 13.

The terminal, in operation since the autumn, is used for the car ferry company's Felixstowe-Zebrugge route and will also be used on the Rotterdam (Europe) service when it reopens in April.

At 20,000 square feet it is about four times larger than the previous Townsend Thoresen terminal at the port. When work is completed there will be parking space for 700 cars.

But the survey shows that the rate at which accidents occur on non-scheduled flights is nearly four times greater than on scheduled flights, even though the actual number of fatalities was lower last year—222 passengers, against 770 in 1977.

The survey also shows that 286 people died last year in 60 accidents involving "general aviation" aircraft, including business and executive aircraft.

Fewer fatal accidents on main airline routes

By Michael Donne, Aerospace Correspondent

THE SAFETY record of the world's scheduled airlines is improving, in spite of 26 accidents last year, in which 784 passengers were killed.

The latest survey on world air safety, compiled by Flight International, the aviation journal, shows that the fatal accident rate over the five years from 1974 to 1978 was 2.3 passengers for every 1m passenger departures between 1969 and 1973.

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## Singer closure threat lifted

By Ray Perman, Scottish Correspondent

THE THREAT hanging over Singer NK's Clydebank sewing machine plant was lifted yesterday after workers reversed an earlier decision rejecting productivity improvements which the company said were essential to the factory's survival.

Singer said it would go ahead immediately with an £8m re-investment programme and a proposal jointly worked out by unions and management which would save 500 jobs.

Trade unions have still to negotiate with the Government an agreement to put between £2m and £4m into the plant to cover initial losses on some industrial sewing machine models.

Yesterday's decision, taken at a mass meeting, will not prevent the loss of 2,000 jobs from the labour force of 4,500, and the company told shop stewards that it wanted to see the first 560 jobs go between now and March. Other reductions in the workforce will be phased over the next three years.

Redundancies

Mr. Hugh Swan, deputy convener, said he thought most of the cuts could be met by natural wastage and early retirement. Enforced redundancies would be accepted only as a last resort.

Since the employees at Clydebank voted last month to reject the company's proposals they have been under pressure from their unions and local community leaders to change their minds, but the vote was close and there was jeering from some sections of the meeting against workers with placards urging acceptance.

Full-time union officials had been prepared to threaten withdrawal of union support if workers again rejected the rescue plan. In the event they took a more conciliatory line towards the fears of many workers about changes in working practices.

Consultation

Mr. Gavin Laird of the Amalgamated Union of Engineering Workers said the management was not being offered a blank cheque and there would be consultations before any agreements were reached on a new wages structure, more labour flexibility or greater use of outside contractors.

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Colston explains reason for selling

BY MAX WILKINSON

THE DECISION by Mr. Michael Colston to sell his dishwasher and domestic appliance business to the Italians was taken only after a great deal of heart-searching.

The table-top dishwasher, which he developed with his father, the late Sir Charles Colston, was after all, the only British-made machine in its class, and was the UK market leader for many years.

However, dishwashing machines represented only a small amount of sales in the UK, perhaps only 30,000 a year, in the early 1970s. Now, with market sales approaching 100,000 this year, Colston is facing strong competition from Germany and Italy.

## Scottish bid to attract more electronics

By John Lloyd

A DRIVE to attract investment by foreign electronics companies in Scotland is being considered by the Scottish Development Agency.

The agency is understood to have received a report by consultants Boon Allen and Hamilton earlier this week proposing ways in which Scotland could attract overseas electronics companies and alter the output and strategies of existing companies.

It is considered that the report, which was accompanied with a strong recommendation that it should be acted on immediately, will form the core of the agency's corporate strategy, which is now near completion.

The main part of the report is believed to argue for four major initiatives:

● A promotions effort overseas is needed. The report shows that while Scotland is regarded by U.S. companies as being politically stable, it scores low marks for industrial relations, productivity and efficiency.

● A move from "satellite" production plants to plants with their own research and product development is recommended. The consultants show that a number of the major U.S. electronics companies in Scotland are largely producing components to U.S. designs.

● The SDA should encourage product development in Scottish plants. ● A stimulation of the industry

is needed by more readily available sources of capital, and by closer co-operation between the electronics components manufacturers and the customer industries.

To these ends, it is thought that the report suggests the creation of a Scottish electronics centre, which would be established with Government capital, but which would act as a commercially based clearing-house for research, product development and liaison between electronics companies and other industries.

● An effort is needed to increase the availability of graduate and highly skilled technical labour. In this respect, Scotland compares well with the rest of the UK, but still lacks enough talent to expand.

While the report indicates that employment in electronics in Scotland—about 35,000—has declined very slightly in recent years, it would be possible to increase jobs if the companies took advantage of the strong growth sectors in the industry.

These are data processing, especially in the manufacture of computer peripherals, with consumer electronics, communications and office equipment.

The consultants believe that 70 Scottish companies—mainly doing sub-contracting work—could grow substantially, given more capital and better links with the stronger, U.S. companies.

## Scottish investment 'will drop sharply'

By Ray Perman, Scottish Correspondent

MANUFACTURING investment in Scotland will continue to rise for the first half of this year, but then drop sharply, Professor Donald MacKay of Heriot Watt University, Edinburgh, said yesterday.

Commenting on his annual economic review for estate agents Kenneth Ryden and Partners, he said that for the first part of the year companies would be following through the decisions they had already made.

"But by the end of 1979 and early 1980, investment will be falling. Given the direction of Government economic policy, that is inevitable and should have been foreseeable."

"The failure of the last round of incomes policy led to a consumer boom and at the same time public expenditure has been rising, so in order to hold monetary targets, interest rates and the real cost of borrowing have been rising and profitability has fallen."

"The result is that we have once again allowed private

investment to be squeezed out, and the higher the rate of wage and salary settlements this year, the more private investment will be crowded out."

Professor MacKay added that the activities of the Scottish Development Agency would not be sufficient to make up the deficiency.

So far the agency had been spending only about £24m a year on industrial projects. This had been more than offset by a substantial fall in the level of government expenditure on regional industrial aid to Scotland.

Figures for the last two years showed that expenditure had fallen from £216m to £144m, a drop of 40 per cent when allowance was made for inflation.

The Government could make up this decrease through its regional policy or by increasing the budget of the Scottish Development Agency; but it would be better to follow general economic policies which would encourage the private sector to invest.

## Contractor prosecuted over hoist deaths

By Paul Taylor

THE HEALTH and Safety Executive is to prosecute a London company of civil engineering contractors following a hoist accident in which four men died and five more were seriously injured.

The executive yesterday served five summonses on Edmund Nuttal, the contractors, alleging offences under the Construction (Lifting Operations) Regulations 1961.

The accident happened in January 1978 at Littlebrook "D" Power Station in Dartford, Kent, when a passenger-carrying cage fell 100 feet to the ground.

The summonses allege that the hoist, and particularly the rope on which the cage was suspended, had not been properly maintained; that safety gear provided to support the cage in the event of a rope failure had not been properly maintained on two hoists; that the number of men carried in the hoist exceeded the marked permissible maximum; and that the hoist remained in use when it had not been subject to the statutory examination with the previous six months.

Proceedings will start at Dartford magistrates court on March 7.

## MERLONI'S ACQUISITION MEANS EXPANSION AND MODERNISATION

# Colston explains reason for selling

By Max Wilkinson

THE DECISION by Mr. Michael Colston to sell his dishwasher and domestic appliance business to the Italians was taken only after a great deal of heart-searching.

The table-top dishwasher, which he developed with his father, the late Sir Charles Colston, was after all, the only British-made machine in its class, and was the UK market leader for many years.

However, dishwashing machines represented only a small amount of sales in the UK, perhaps only 30,000 a year, in the early 1970s. Now, with market sales approaching 100,000 this year, Colston is facing strong competition from Germany and Italy.

Dishwasher sales, including a larger free-standing model, now represent only about 10 per cent of Colston's turnover in the domestic appliance field, which is presently a little over £10m. The company also makes washing machines and spin-driers at its factory in Aycliffe, County Durham. It also sells an im-

ported Italian-made front-loading automatic washing machine. Mr. Colston realised that to compete against highly automated and much larger companies in Italy, he would need to find considerable extra capital to develop new products and to improve manufacturing methods.

Colston explained that the more profitable part of his business, which makes components for the domestic appliance and other industries and a wide range of rubber mouldings.

This other part of the business, with a turnover of about £5m, employs 550 people, compared with the 750 in the domestic appliance section of the company.

Merloni, with a turnover of £120m in 1978, about 60 per cent of it in the domestic appliance business, has made one unsuccessful attempt to sell its machines in the UK under the Ariston label. It came up then against the need for an efficient sales and service network, which it has now acquired from Colston.

The acquisition will give

Merloni a sales force of 100 with a back up of about 300 service engineers. In addition, it intends to expand and modernise the Aycliffe plant which will eventually produce machines to its own design. Merloni's desire to expand production outside its main plant in Fabriano, Italy, was one of the main selling points for Mr. Colston, who wanted to keep his present workforce together.

Expansion

Merloni's expansion outside Italy is relatively recent, but appears to be a consistent policy of the group. It opened a water heater factory in Belgium in 1977 and then a factory in Portugal.

The company has also developed a turnkey consultancy which has advised on the setting up of plants under licence in Hungary, Yugoslavia, the USSR and Iran.

The company's products include dishwashers, washing machines, cookers, refrigerators, freezers, water heaters, sanitary

## Haulier pay deals outstrip turnover

By Ian Hargreaves, Transport Correspondent

WAGES paid by road haulage companies increased substantially faster between 1975 and 1977 than the industry's turnover, according to a study of 60 road hauliers published today.

The report, from Inter-Company Comparisons, shows that in the three-year period employees' pay increased by 42.4 per cent, compared with a 35.4 per cent increase in turnover. The turnover increase was roughly in line with the rise in general inflation.

A wide range of average wages and salaries is also indicated in the report, P and O Roadway leading the field with an average of £4,164 in 1976-77, compared with a weighted average of £3,144.

The general picture of the industry is one of gradual recovery from the low point of 1975-76. The average pre-tax profit margin of the companies sampled rose from 3.1 per cent in 1975-76 to 4.7 per cent the following year.

The average return on capital for 1976-77 is put at 10.6 per cent, although ten companies in the study made a loss in that year.

Liquidity continues to be a problem for road hauliers and the report suggests that this can be improved by shortening the credit periods which hauliers give to their customers.

Profit

The average debt repayment period is running at 79 days, compared with the traditional 30 days, and with many of the industry's costs, such as fuel and wages met weekly, strains have occurred.

"There is a financial bonanza awaiting those hauliers who take effective remedial action," the report says.

Bringing together an analysis of profit margin and turnover per employee, the report singles out United Transport, Mitchell Cotts Transport and Robert Dears as examples of financially healthy operators.

Looking at capital invested per employee, the report comments that the state-owned members of the National Freight Corporation included in the study are starved of capital compared with the private sector, and it asks, "is it fair to expect the same rate of return?"

Mitchell Cotts tops this list, with £12,895 of capital invested per employee in 1976-77, compared with £1,893 for National Carriers, one of the corporation's biggest member companies.

Inter-Company Comparisons: road hauliers. 81, City Road, London EC1Y 1BD. £44.

Imports make big gains, say assay offices

By James McDonald

London, Birmingham, Sheffield and Edinburgh, hallmark nearly 27.1m articles of gold, silver and platinum last year—nearly 1m less than the record total of 28m articles tested during 1977, Jubilee year.

The offices said that in 1978, gold was more in demand than silver "while imports gained strongly and both these trends continued in the three months ended December 31."

On gold, the assay offices say that in the final quarter of last year the number of gold wares increased by 24.6 per cent, over the same period of 1977, to a total of nearly 5.6m articles. British gold articles rose over the period by 13.4 per cent as against a jump in imports of more than 100 per cent. The total weight of gold tested increased by 6 per cent to 18.7 tonnes, with the British contribution declining by 6.3 per cent and foreign wares rising by 87.9

ware and kitchen and bathroom furniture.

About 58 per cent of Merloni's sales are outside Italy, with 32 per cent in Europe, 15 per cent in the Middle East, 5 per cent in Asia and 5 per cent in the U.S. The company is a comparative latecomer into the domestic appliance business, which it entered in the 1960s after building up a base in the sales of water heaters.

It has, however, shown steady growth in the field against its bigger competitors and now employs 3,000 people in highly automated production plants.

The Colston business was founded in 1955 after the late Sir Charles Colston had retired from Hoover UK. Sir Charles joined Hoover in 1919 and built it up during his period as managing director from 1927 and then as chairman and managing director from 1937. On his retirement he and his son founded Charles Colston Limited the nucleus of the present group which is still privately owned.



## UK NEWS

## Eight big deals breach pay line

BY DAVID FREUD

EIGHT MAJOR settlements, covering more than 500,000 employees, are officially considered to have broken the Government's Phase Four pay policy guidelines, the Department of Employment said yesterday.

Figures released by the department reinforce indications that many employees are delaying their settlements until a clearer picture of the going rate emerges from the current industrial disputes.

Three of the eight settlements breaking the guidelines, covering 100,000 employees, were in double figures. The oil tanker drivers' settlement is estimated to mean an earnings increase of 11.3 per cent; the Ford settlement 10.5 per cent; and the electrical contracting settlement 10.5 per cent.

The other settlements were: British Oxygen, 9.5 per cent; Merchant Navy seamen, 8.75 per cent; motor vehicle retail and repair, 7.5-8 per cent; Scottish baking production, 8 per cent; and narrow fabrics, 8 per cent. The Price Commission is likely to take a number of settlements outside the guidelines into account when considering whether to allow price rises. The commission was promised wider powers by the Prime Minister on Tuesday.

So far, in the first five-and-a-half months of this pay round, only 154 employees in 16 major negotiating groups have settled, compared with 2,400 at the same time last year.

## Settlements

The department said that 30 settlements, covering 800,000 employees, were within the guidelines. A total of 250,000 workers settled for five per cent or less, while the remainder took advantage of the provisions for special case treatment. The heating, ventilation and plumbing settlement allowed 30 per cent over two years under these provisions, for example.

The remaining eight settlements reached so far, involving 300,000, have yet to be considered by the department.

Delay in reaching settlements compared with last year means that the increase in the index for average earnings is artificially low.

In the first four months of the round, to November, the new index, covering 21m employees, rose a provisional 1.8 per cent compared with 2.7 per cent in the same period in 1977.

Only 350,000 employees, however, had settled in the August to November period, compared with 500,000 in 1977.

The year-on-year increase to November was also influenced by these factors, falling to 13.7 per cent compared with 14.2 per cent in September. The new index provisionally estimated at 13.8 in November, compared with 13.2 in October (January 1978=100, not seasonally adjusted).

The old index of earnings, based on about 11m employees' main pay production industries, emphasised the favourable movement.

It fell 0.4 per cent in November for a year-on-year increase of 14.3 per cent compared with 14.6 per cent in October.

The old index was 343.5 in November (January 1970=100, seasonally adjusted) compared with 344.8 in October.

Basic weekly wage rates were unchanged between December and the previous month at an index figure of 271.1 (July 1972=100).

## New chairman for Reuters news agency

SIR DENIS HAMILTON was yesterday elected chairman of Reuters, the news agency. This is a non-executive appointment which does not affect Sir Denis' functions as chairman and editor-in-chief of Times Newspapers.

Sir Denis will assume the chairmanship of Reuters in June in succession to Lord Barnetson. Sir Denis, 60, has been a director of Reuters since 1967.

## P.O. to set up phone system company

BY MAX WILKINSON

THE POST OFFICE is to set up an international marketing company to sell its new computerised telephone exchange system.

The company will be a joint venture between the Post Office and the three manufacturers of the system, Plessey, the General Electric Company and Standard Telephones and Cables, subsidiary of ITC.

Details of the shareholding in the company have not yet been agreed. This is a crucial issue, because it has been agreed that business obtained shall be divided between the three manufacturers in proportion to their shareholding.

It has also been agreed that

## RE-THINK ON BEER, PETROL, ELECTRICITY

## Proposed price rises likely to be put in cold storage

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PENDING price rises for beer, petrol, and electricity were last night likely to be left in abeyance after the Government's decision to remove most of the safeguard regulations from its price control powers.

A substantial number of companies, including the electricity boards, petrol companies and breweries were due to notify the Price Commission of proposed price rises over the next few weeks, but the removal of the safeguard regulations was causing a drastic re-think of pricing strategy.

Companies were having to decide whether it was worth trying to push through a quick price rise in the hope that the Government would be unable to get its short Bill amending the safeguard regulations through Parliament, or face a reversion to the Price Commission freed from the shackles imposed by the safeguards.

Mr. Roy Hattersley, Prices Secretary, yesterday made it clear in a speech to the Market Reserve Society that the safeguard regulations had "placed a serious restriction on the Price Commission's ability to make recommendations based on their own experience and judgment."

He pointed out that in the 26 investigations of price increases completed by the commission since it was established in July

1977, the safeguards had applied in full or in part in no less than 20 cases.

"In some of these cases, had safeguards not existed, the commission would, I have no doubt, have consented to price increases under their discretionary powers," he said. He acknowledged that there were other cases where the price increases could well have been prevented or amended.

"The operation of safeguards has been a constraint on the commission's freedom of action. With the removal of this constraint the commission will have a further opportunity to consider the scope for reducing costs or absorbing increased costs through greater efficiency."

There is no doubt that the commission also welcomes the move with open arms, since it has made no secret of the fact that it considers the safeguard regulations both arbitrary and excessively complex.

The problem the commission faced was that the safeguard provisions, which basically ensure that a company achieves certain levels of profitability, were only put into the 1977 Price Commission Act after intense lobbying by the Confederation of British Industry.

As with most hybrid regulations, the safeguard regulations did not fit in with the operating aims of the Price Commission

—aims which had more to do with improving corporate efficiency than strict price control.

"The automatic price increase that safeguards permit enables the inefficient company to pass costs on to the consumer without even contemplating their absorption through greater efficiency," commented Mr. Hattersley.

Mr. Charles Williams, commission chairman, has said that he considers the best form of price control is for the effects of competition to operate on efficiently run companies. Without the stimulus to operate efficiently—since price increases could be easily obtained under the safeguard regulations despite the commission's desire to investigate rises—there could be no long-term improvements in efficiency.

It soon became clear that the safeguard regulations were complex to operate and that the ability of companies to convince the commission that interim increases should be allowed depended on the ability of a company's financial and legal advisers to interpret the legislation. It is significant that after the first year of operation, fewer companies were granted interim rises under the safeguard rules as the commission's own officials became more adept at operating the regulations.

But this still did not stop such anomalies as Perkins Engines, whose accounting systems were at such variance with those managed by the commission that it employed in recent weeks to achieve two increases under the safeguard regulations and thus achieve its 10.63 per cent price rise in full.

There is no doubt, however, that the scrapping of most profit safeguards—apart from those relating to sector examinations as opposed to company investigations—will give the Price Commission more bite.

But, as Mr. Hattersley made clear yesterday, the change in the commission's powers was not an attempt to impose a pay sanction on companies. He stressed that the examination of prices involved considering cost increases—but these covered transport, fuel, raw materials, and finance, as well as extra labour costs. "Examination of all these elements is a quite different proposition from using the policy directly to bolster our pay targets," he added.

But for the companies who are anxiously considering whether a price rise would be investigated by the commission—and so automatically be frozen for at least three months—the next few weeks of Parliamentary manoeuvring are likely to prove especially significant.

## Award of £35m to BP contested

BY A. H. HERMANN, LEGAL CORRESPONDENT

AN IMPENDING judgment awarding about £35m to BP Exploration (Libya) is to be contested by the defendant, Mr. Nelson Bunker Hunt, in the Court of Appeal.

Mr. Hunt, of Texas, owns Hunt Petroleum, Florida and several other enterprises.

The High Court award which Mr. Justice Goff is expected to complete in about a month is an important victory for British Petroleum who became contractually involved with Mr. Hunt in Libya in 1960.

In December 1971 the concession which was covered by the contract was sequestered by the Libyan Government. The award will require restitution of part of the benefit which Mr. Hunt

obtained as a result of the contract frustrated by the sequestration of BP's Libyan concessions.

Mr. Ronnie Aitken of the London accountants Benders Hamlin, who is Mr. Hunt's agent in this dispute, said yesterday that Mr. Hunt was determined to contest the judgment in principle and as to the amount of the award.

Mr. Hunt's main defence appears to be that his agreement with BP contained a no-liability clause, in other words, that he was given "free ride" on the venture. Mr. Aitken's opinion of the overruling of the no-liability clause by Mr. Justice Goff will have ominous consequences for those financing North Sea oil ventures and

possibly other contracts subject to frustration.

The 251-page text read by Mr. Justice Goff in open court last October is not a final judgment—it will be finalised only after questions relating to interest and exchange rates have been clarified—but it can be considered as final as far as the decision of the legal issue by the judge is concerned.

The Law Reform (Frustrated Contracts) Act, 1943, on which the decision is based, did not introduce any fundamentally novel legal principle. It elaborates the old established principle of English law that unjust enrichment of one party creates the right of recovery for the other party who suffered

loss or damage by the same event.

In all cases falling under this Act the relevant benefit must have been obtained by the defendant by reason of something done by the plaintiff. In this case BP claimed that Mr. Hunt obtained Libyan crude oil with money provided by BP, who also carried out drilling operations before its concessions were sequestered.

The restitution provided for by the Act may be more than the contribution of the party claiming it, but not more than the benefit obtained by the defendant. The courts are therefore faced with the difficult task of determining a sum somewhere between the two.

## BP and Mobil to push up price of petrol by 3p a gallon

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM and Mobil have told the Price Commission that they intend to raise the prices of all their oil products, including petrol and heating oil, by an average of 2.4p a gallon.

Esso is expected to follow suit in a few days.

And prices could rise again next month by about 3p to 4p a gallon for the four-star grade with gradual increases of 1p-3p a gallon over the following six months.

Shell took the lead among the major oil companies last week, when it notified the Commission of similar increases.

BP and Mobil are basing the increases on the poor profitability of their oil products and the increases in crude oil prices agreed by the OPEC countries.

Crude oil prices will rise in stages over the next nine months, but the first rise of 5 per cent took effect from the beginning of January.

Until it abandoned its price subsidies to petrol stations in November Mobil was making a loss on its petrol marketing last year. "BP Oil is thought to have done little more than break even with no return on a capital investment in the UK of £500m."

BP has about 16 per cent of the UK petrol market with some 5,200 retail outlets (including National Benzole), while Mobil has about 7½ per

cent providing supplies for 1,320 service stations.

The Motor Agents Association has also warned that there could be further small petrol price increases later this year as dealers also try to improve their margins, which have been badly hit over the last two years

by the forecourt price-cutting war.

Dealers are facing higher wage costs for forecourt attendants, some losses of business caused by the shortage of supplies during the tanker drivers' industrial action and increased running costs.

## Nine remanded in £10m theft and fraud case

FINANCIAL TIMES REPORTER

NINE BUSINESSMEN charged with theft and fraud involving a total of £10m in connection with London and County Securities, the secondary bank which collapsed in 1973, were remanded on bail until April 23 at Bow Street Magistrate's Court yesterday.

The men are: John Arthur Hillman, solicitor; Wolf Perez,

chiropractor; Mr. Brian McKenney, manager; Arthur Pepperell; Michael Davidson; Robert Stephen Robin, company director; Brian Kendall, financial consultant; Norman Charles Noye, accountant; and Ian Peter Green, shipping manager.

All are on unconditional bail except Pepperell. His surety of £75,000 was made continuous yesterday.

## Computer stockbroking

NMW Computers, a specialised stockbroking bureau, announced a new system for stockbrokers yesterday.

Based on two large computers, it is designed to enable stockbrokers to carry out individual bargains, and to provide contract documentation in less than two minutes.

The system updates the

relevant stockbrokers' ledgers immediately.

Linked to Talisman, the Stock Exchange's computerised settlement system, the system, "Capital" will go into live testing in three stockbrokers' offices in July.

After completion trials, the system will be offered to all NMW's customers in the UK, Ireland and the Channel Islands.

## No cut seen in building society rates

By Michael Cassell, Building Correspondent

THERE IS NO early prospect of a reduction in building society interest rates, according to the Nationwide Building Society.

Mr. Leonard Williams, chief general manager of the Nationwide, said in London yesterday that he was doubtful if building society interest rates would fall in the first half of 1979. Earlier in the week Mr. Ralph Stow, chairman of the Building Societies Association, had forecast that rates should fall in the Spring.

Most societies believe that their present near-record rates will be due for a reduction some time this year.

Many societies, like the Nationwide, believe that even if other competitive rates do begin to fall, they should not hurry into any similar decision. Most would want to see whether the rate to lower rates was established and they would also wish to restore partially some of the liquid funds which have been heavily depleted in the past year.

Mr. Williams said his society intended to increase lending in line with the guidelines recently set after talks with the Government, and that it hoped to raise lending further later.

Nationwide, the country's third largest building society, had another record year. Net receipts at £496m were the highest achieved, and mortgage lending (£755m) and the number of loans (70,000) were records.

## Pay policy relaxation raises doubts

THE PRIME MINISTER'S announcement of a relaxation of the pay policy for the lower-paid has raised questions among public service unions about how it is to be applied.

For instance an unpublished guidance note from the Department of Employment contains a reference to overtime which leaves it unclear whether the new limit should be applied to basic rates or to total weekly earnings. It seems to say the former.

## Entitlement

But the Department says clearly that the £3.50 is a limit and not an entitlement. In other words, like the White Paper exemption, it would have to be bargained for. Clearly, though, the well-organised public service workers will treat it as an entitlement—and may try and build on that.

On overtime, the guidance note says: "The £3.50 (the cash alternative) to 5 per cent for the lower-paid) need not be a special supplement but could be applied in such a way that earnings in overtime hours were increased proportionately. Juveniles and part-timers could also have proportionate increases."

Explaining the new rules, it says: "The proposal is that the pay guidelines should be amended to allow increases of up to, say, £3.50 for a normal week where this is more favourable than the existing low pay exemption in paragraph 17 of the White Paper (which allows any increase so long as the resulting earnings level does not exceed £44.50 for a normal week) or the general limit of 5 per cent."

As with existing features of the pay policy, these would be limits, not entitlements.

## Exception

"The limit would apply to the group, not to the individual. Where the average earnings of the group for a normal full-time week, inclusive of bonus and incentive payments, etc., did not (in a recent representative period) exceed £41 then the existing paragraph 17 exception would be more favourable."

"When they were between £41 and £70 then £3.50 would be more favourable. Above that figure 5 per cent would continue to be more favourable."

"Where negotiating groups straddle £41 or £70 then it would be open to negotiators to treat them as separate groups for this purpose, those below £41 being brought up to £44.50 and those between £41 and £70 being awarded increases averaging up to £3.50 per head, and those over £70 being awarded increases averaging up to 5 per cent per head."

But as the White Paper makes clear, it would not be inconsistent with the purpose of the provision if part of the increase was to be used for training. The union had claimed an increase of £20 a week.

Mr. Ken Ashton, NUJ general secretary, will now be talking to journalists at the Press Association, who were instructed to strike at the same time. The

## Meeting today may determine extent of water disruption

BY PAULINE CLARK AND RHYS DAVID

THE EXTENT to which 38,000 water and sewage workers, one of the most powerful groups in the public services, will join the next week's planned nationwide industrial action might be determined when pay talks resume today.

Some improvement on the previous 9.3 per cent offer is expected as a result of the Prime Minister's latest adjustment to the Government's 5 per cent policy. Whether the unions accept a new deal, however, may depend on the conditions of an efficiency bonus that goes with it.

Meanwhile, employers and householders affected by burst pipes have had to rely on neighbours to supply them with water and the North West Water Authority is urging economy with water.

The new £70 low pay provision is unlikely to affect many of the water workers. Under the latest offer, average weekly

They are to intensify picketing throughout the region, although efforts spread the action were said to have failed. Sewage workers at a big Manchester treatment centre were working normally, although unofficial strike leaders had appealed to them to act.

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FACED WITH a leaking water main flooding cellars and discoloured water supplies, three housewives in Mossley, Greater Manchester, found their own way round the local water maintenance workers' strike. In two 12-hour days they dug down to the leak themselves, in an alley between two houses. Before they dug the 30 ft by 4 ft trench, 3 ft deep, heavy stone slabs had to be removed. They exposed the corroded pipes and a plumber fitted a new pipe yesterday. Had they failed to carry out the repair, their homes would have joined those of the 2,000 others where water has been cut off.

union representatives of 40,000 gas industry manual workers will continue negotiations on a 20 per cent claim, and tomorrow will see a renewed sideside meeting of all unions involved in the hospital ancillary workers' dispute.

The water workers are crucial because of the dramatic effect their involvement in next week's action might have on the public.

The General and Municipal Workers' Union, representing half of the group, has left until today the question of whether the water workers will be involved. However, some of the three-tenths contingent represented by the National Union of Public Employees have begun unofficial action.

Some 600 water workers in Northern Manchester, dissatisfied with the national pay offer, staged a five-day-old action that has left 2,000 homes without supplies.

earnings would be raised from £73.88 to £80.83.

The water workers' main hope for an improved offer rests on comparability with gas and electricity supply workers. Employers have acknowledged a pay gap between water workers and those groups of £10 and £5 respectively.

The gas supply workers are expected to receive an initial offer today. Employers are insisting on a settlement within the Government's pay guidelines but were looking carefully yesterday at the implications of the Prime Minister's reference to comparability with private industry for many public employees.

Four fifths of the gas manual workers are represented by the National Gasworkers' Union, whose local government and hospital ancillary workers' members are expected to join next week's co-ordinated action.

## Provincial paper journalists accept

BY CHRISTIAN TYLER, LABOUR EDITOR

THE SEVEN-WEEK pay strike of 9,000 provincial journalists was called off yesterday by the national executive of the National Union of Journalists.

The journalists are being told to return to work in time to produce Monday's morning and evening papers.

An average increase of 14.5 per cent—nearly three times the official pay limit—was secured by the strike, the first national action against Newspaper Society member-companies.

The settlement means increases of between £9.40 and £12.22 a week for fully qualified journalists and provides for trainees. The union had claimed an increase of £20 a week.

Mr. Ken Ashton, NUJ general secretary, will now be talking to journalists at the Press Association, who were instructed to strike at the same time. The

PA's strike, which was not fully supported, and the consequent blurring of the copies by national daily newspapers, may be lifted before the week-end.

Some provincial newspaper journalists may return before the weekend—a drift-back has already been reported.

The end of the strike came after a delegate meeting in London, and a poll of chapters (union branches) who voted 198 to 51 to accept the offer.

The NUJ is mounting a campaign for the reinstatement of 38 journalists sacked during the dispute. It said it would be trying to ensure that the management of the Nottingham Evening Post did not carry out paper Society's recommendation, their threat to ignore the News that sacked strikers should be re-engaged.

## ACAS wrong—Denning

BY PHILIP BASSETT, LABOUR STAFF

THE ADVISORY Conciliation and Arbitration Service should give priority to extension of collective bargaining over the general duty of improving industrial relations, Lord Denning, Master of the Rolls, said in the Court of Appeal yesterday.

The court found against ACAS in an appeal which throws into doubt the service's policy of discouraging entry of new trade unions to established areas of industry, and is considered crucial to the sensitive area of white-collar union recognition, particularly in the engineering industry.

ACAS said in its report that a recommendation of the United Kingdom Association of Professional Engineers, at APE-Allen, a Bedford engineering company.

Lord Denning's ruling on giving priority to extension of collective bargaining, supported by Lord Justice Lawton but not by Lord Justice Brandon, who are the two other judges considering the appeal, has important implications for the thrust of ACAS policy.

ACAS had submitted that its principal and overriding duty was improvement of industrial relations. The service had said that in seeking to perform this duty it would have in mind extension of collective bargaining, but that improving industrial relations was its principal duty.

The service was given leave to appeal against the court's decision to the House of Lords. Because of its implications for

Lord Justice Brandon, while disagreeing that the extension of collective bargaining should have priority, did agree that the ACAS report was valid.

In the recognition battles since the Employment Protection Act came into force, the Engineering Employers' Federation and the CSEU have maintained a common front in their opposition to unions not party to the industry's national procedure agreement.

Mr. Charles Hickling, deputy general secretary of the UK Association of Professional Engineers, said the union was "extremely pleased" with the judgment, and with Lord Denning's view that the union, which was being hit by the "big battalions" of the trade union movement.

Mr. John Lyons, general secretary of the TUC-affiliated Engineers' and Managers' Association, which is fighting against TUC opposition for recognition, on behalf of managers in the shipbuilding industry and individual engineering companies, said that the court's decision "expressed the ACAS approach to recognition issues for the charade we have found it to be."

The appeal has effectively frozen recognition work in similar areas. Mr. Lyons said his union would now demand that ACAS perform its statutory duty and deal with the outstanding cases.

Sir John Atwell, chairman of the Council of Engineering Institutions, welcomed the court's decision. The council is considering the implications of the judgment.







## REGIONAL ROUND-UP

# Bribes demanded to let lorries through, says MP

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT was asked last night to carry out an inquiry into allegations that strikers have been demanding money before they allow lorries through picket lines.

Mr. Teddy Taylor, MP for Cathcart and Conservative frontbench Scottish spokesman, said that he had received three complaints from companies that they had been asked for contributions towards strike funds.

He described it as a "nasty and frightening development" which ought to be condemned by every responsible trade unionist, and asked Mr. Bruce Millan, Secretary for Scotland, to institute an immediate inquiry.

The police should also be asked to make clear to local strike committees what the legal limits of picketing were, he said.

The Confederation of British Industry in Scotland confirmed

yesterday that it had received complaints from members that they had been asked for donations to strike funds.

Mr. Kenneth Smith, assistant director, said that companies had been given the clear impression that, if they did not contribute, they would not be allowed to move vehicles, even though they were carrying exempted goods, such as animal feed or emergency supplies.

The amounts asked for varied from £2 to cover telephone calls and other costs of administering the emergency procedures to up to £50 in a few isolated cases. In some instances, a picket accompanied the driver in his cab while he drove into a depot or through a picket line, and the haulage company was then expected to pay the equivalent of the driver's earnings to the strike fund.

Mr. Smith said that the CBI was attempting to corroborate stories, but some companies

were reluctant to give their names for fear of reprisals. Scottish leaders of the transport union denied that pickets were demanding money, but they are to investigate the one case that has so far been confirmed.

Arran Trading, a company which runs a regular haulage service to and from the Isle of Arran in the Firth of Clyde, has been paying £26 a load to convey animal feed and fruit and vegetables for the island's hospital and old people's home.

Mr. Phil Currie, a driver with the company, said that pickets at Ardrossan pier, the mainland terminal for the ferry, had been given cheques since Tuesday to allow lorries through to Glasgow.

One of the pickets, who declined to give his name, said that the decision to ask for money had been taken at a meeting of the local strike committee. The money was to go to charity.

## Soviets' aircraft protest resisted

DR. DAVID OWEN, the Foreign Secretary, indicated yesterday that Britain has sent a firm reply to President Brezhnev's protest about the sale to China of British Harrier jump jet military aircraft.

During Commons question time, Mr. Douglas Hurd, a Conservative foreign affairs spokesman, said he hoped the Government had made it clear to the Russian leader that his representations were unwelcome and would be firmly resisted.

The Foreign Secretary explained that Britain had made clear to Mr. Brezhnev how it saw this issue.

Dr. Owen thought it was reasonable for another country to make its views felt on such a matter. But it was not reasonable for a country to expect to dictate the foreign policy of another government.

"That, obviously, we will not accept."

In this case, he emphasised, what was said in private letters to the Soviet Union was exactly the same as what was said by Ministers in the House of Commons.

Britain would listen to the views of the Soviet Union, but the Russians had to recognise that détente was not just a one-sided contract.

They should look at some of their own actions around the world, particularly in South-east Asia, as well as in Europe.

Dr. Owen gave a sharp reply to Mr. Hugh Jenkins (Lab, Putney), who suggested that, as we were providing Harriers for China, we should also consider selling them to Russia.

The Foreign Secretary told him that Russia was in alliance with the Warsaw Pact, whose objectives were contrary to Britain's national interests.

"We don't sell weapons to those people in organisations which threaten the security of our own country and that of our closest ally."

## Smallpox action rejected

By Our Parliamentary Staff

THE GOVERNMENT yesterday ruled out legal action against union leader Mr. Clive Jenkins following the leakage of a secret report on the Birmingham smallpox scandal earlier this month.

Mr. Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, called for a full public enquiry into the smallpox tragedy.

He had previously been given a confidential copy of the Shooter Report, by Mr. David Ennals, Health Secretary, which blamed a lack of co-ordination among various authorities for the leakage of the smallpox virus.

In the Commons yesterday, Sir George Young (C, Ealing), asked Mr. Sam Silkin, Secretary of State for Health, to refer the matter to the Director of Public Prosecutions.

At present, Vietnamese refugees are accepted for resettlement in Britain either because they have some connection with this country or because they have been rescued by a UK-registered ship.

The UK accepted 1,108 refugees between 1975-78 from Vietnam. The latest 1,500 are in addition to those who come under the agreed conditions for entry.

Mr. Rees says the decision does not commit the Government to accepting further groups than those picked up by British ships or those admitted because of their links with Britain.

Reception and subsequent resettlement of the latest refugees will be handled by voluntary refugee organisations.

These include the British Council for Aid to Refugees (which will co-ordinate the work of the voluntary bodies as a whole) and the Ockenden Venture.

Appropriate financial and other assistance will be given to the voluntary organisations by the Government.

Urgent consultations will now take place between

## Secret diplomacy tactics

BY IVOR OWEN

BRITAIN will pursue a formula for ending the conflict in Rhodesia through 'secret diplomacy' rather than any new public initiative, the Prime Minister told the Commons yesterday.

This followed his announcement that, for the time being at any rate, the proposal to stage an all-party conference in Britain, attended by Mr. Ian Smith and the leaders of the Patriotic Front, had been shelved.

Mr. Callaghan reported that the principal conclusion reached by Mr. Cledwyn Hughes, chairman of the Parliamentary Labour Party, after his mission to Southern Africa during which he saw all the leading figures concerned—was that no good purpose would be served by convening such a conference in the immediate future, since there would be virtually no likelihood of a successful outcome.

"I have decided that I must accept this advice," said the Prime Minister.

Mr. Callaghan described how the discussions held by Mr. Hughes with the Patriotic Front and with the Executive Council in Salisbury had made it clear that the position of the parties on the key issues were very far apart.

At present, there was no possibility of their moving sufficiently close to each other in the course of negotiations to allow hope that agreement might be reached.

Mr. Hughes concluded that a conference call now would end in failure, and that this would inhibit any new attempt to promote a settlement for a period of months at least.

"He nevertheless recommended that I should be ready to call a conference at once if developments should indicate a better prospect of success than would be the case today. I accept this advice also."

## Industrial power formula

BY JOHN HUNT

THE GOVERNMENT should face up to the problem of trade union power and make rules under which unions would bind themselves to honour agreements, Lord Carr of Hadley told the Lords last night.

Lord Carr was the architect of the Industrial Relations Act when he was Employment Secretary in Mr. Heath's Government.

"The present Labour Government has hidden its head in the sand and pretended that the problem of union power will go away," he said. "But now we see that it hasn't, and it has got to be faced."

He was speaking in a debate initiated by Viscount Trenchard on the continuation of conditions unfavourable to the creation of wealth and the recovery of British industry.

"The side effects of imposed incomes policies seem intolerable. But the results of British-style free collective bargaining at present are even more intolerable," he said.

He felt that most main areas of dispute in labour relations could be dealt with on a voluntary basis "with determination and goodwill."

He said that ACAS should be made equally available by law to employers and unions. Secondary picketing should be legally limited and legal privileges should be confined to properly certified unions.

There would be virtually no successful likelihood of a successful outcome to a Rhodesian all-party conference



Mr. Ian Smith, Rhodesia's Prime Minister.

The Prime Minister gave fresh emphasis to the role of secret diplomacy after insisting that the central aim of British policy was to ensure that the parties to the conflict did not reduce the country to a desert.

"The Foreign Secretary," he said, "is probing a number of areas and will continue to do so. We do not intend to just sit and wait for the situation to develop."

While acknowledging the value of the mission undertaken by Mr. Hughes, Mrs. Margaret Thatcher, the Opposition leader, was critical of the Government's continuing insistence that the Anglo-American proposals remained the best basis for a peaceful solution in Rhodesia.

She said that they had been on the table for a long time without getting very far.

This suggested they were not the right proposals and she urged the Government not to regard them as the only basis for negotiations.

Mr. Callaghan assured he that alternatives to the Anglo-American proposals, which President Carter had agreed at the Guadeloupe summit, still offered the best basis for a peaceful solution would be considered.

Any modification, however, would have to be consistent with the implementation of the six principles laid down by successive British governments.

This did not satisfy Tory backbenchers, who cheered Mr. Francis Pym, the shadow foreign secretary, when he protested that the Government's Rhodesia policy was in a vacuum.

He suggested that the elections to be held in Rhodesia in April could satisfy the necessary fifth principle, the only one still outstanding.

Mr. Alex Lyon (Lab, York) angered many Tory backbenchers by contending that the reality of the situation was that Mr. Smith had lost his gamble. The internal settlement had failed, and the Patriotic Front would win.

"The majority of people in Rhodesia want it to win," he claimed, amid Tory protests. Mr. Lyon made an overture to the only serious option open to Britain was to make the transition as swift and painless as possible.

Britain and other countries, particularly South Africa, should put every pressure on Mr. Smith to surrender.

The Prime Minister told him: "I take note of your views. The fact that I do not comment on them should not lead you to draw any particular conclusion."

## Anti-union hostility alarms Callaghan

BY ELINOR GOODMAN, LOBBY STAFF

THE PRIME Minister yesterday warned Labour MPs that the Tories could be swept to power on a tide of anti-union feeling unless the Labour movement did something to put its own house in order.

In a bid to get the support of Labour backbenchers for a new agreement with the unions, Mr. Callaghan said the unions had an obligation to regulate themselves. The alternative was having change imposed upon them by the Tories.

Certain reforms to trade union practices were essential, he said. Acknowledging, the success Mrs. Thatcher was having in exploiting the feelings of hostility towards the unions caused by the present industrial chaos, Mr. Callaghan warned the unions they must operate within the parameters of public opinion.

The party, he said, was not going to be driven into an immediate election but the movement must bear in mind the damage the present industrial situation was doing to its electoral prospects.

Conservative leader also isolated the role of the trade unions as the country's central problem.

Speaking in a party political broadcast, which was rewritten yesterday to take account of the latest industrial situation, Mrs. Thatcher said that the country faced a threat to its whole way of life.

Some changes to the power of the unions had to be made if Britain was to avoid "not just disruption but anarchy." There

could be no solution to the country's difficulties which did not include some restriction on the power of the unions.

The broadcast marked a further development in the Tories policy of switching the focus of attention from pay policy—on which some Conservative shadow cabinet members acknowledged the party is vulnerable—to the whole question of union power.

Repeating many of the points she had made over the last few weeks, Mrs. Thatcher took a leaf out of the Prime Minister's book and took upon herself the mantle of the elder statesman who was more concerned about the national interest than mere party politics.

She called for an all-party agreement in Parliament on what she considered to be the three main issues: picketing, the closed shop and the right to strike of workers in essential services.

Mr. Callaghan's appeal to party loyalty came at a meeting of the Parliamentary Labour Party yesterday morning which showed the deep divisions of opinion within the party as to how the Government should handle the present situation.

The mood among Labour backbenchers at the moment is distinctly pessimistic, and few seemed to think yesterday that the party's gloomy electoral prospects have been much improved by the Government's latest moves on the pay front.

## Argentine visit called off

BY JOHN HUNT

THE VISIT to Britain of Sen. Agosti, Commander-in-Chief of the Argentine Air Force, has been called off, Mr. David Ennals, Minister of State for Foreign Affairs, told the Commons yesterday.

Sen. Agosti, who is a member of the ruling junta, had intended to make an overseas tour, taking in the UK.

This had caused protests from Labour's Leftwingers who maintained that the purpose of the visit would be to purchase arms to keep the regime in power.

Mr. Dennis Canavan (Lab, W. Strathclyde) yesterday asked the Minister for a categorical assurance that there would be no visit to Britain from any member of the Argentinean Government.

He said that any arms purchased would be used to perpetuate the "reign of terror" in Argentina.

But Mr. Rowlands could give no such assurance and reminded Mr. Canavan that there was no Government ban on the sale of arms to Argentina.

The Minister did not explain the circumstances in which the visit had been abandoned. He merely told the House: "I have now heard that this tour will not be taking place."

## Layoffs fail to show true impact, CBI says

By Arthur Smith, Midlands Correspondent

THE 20,000 employees laid off in the west Midlands represent only part of the impact of the strike, according to the Confederation of British Industry.

Mr. Steve Rankin, the confederation's regional director, said that many companies were working shorter hours or finding maintenance jobs for workers rather than closing down.

Lay offs were likely to reach 50,000 by the weekend but their full extent would depend on how quickly BL Cars output was stopped. Large components suppliers would be affected within days of BL shutdowns.

Supplies of raw materials including sugar, salt, cans, packaging, asbestos, chipboard and sulphuric acid were ryeing up.

Mr. Rankin gave a warning that the Government's proposed strengthening of price controls would harm employment. His confederation's latest survey has shown that many West Midlands companies were suffering from restricted liquidity, a position that would be aggravated by the dispute.

Picketing in the Midlands, where the dispute is not official, has eased in the past two days. However, the emergency committee for the east of the region reported yesterday that there was difficulty over the union's interpretation of priorities.

About 300 women factory workers at Cadbury-Schweppes, Bourneville, Birmingham, forced 15 pickets away from the plant at lunch time.

Mr. Terence Bowden, a picket, said that the men could do little in the face of the women's complaints.

## Hospitals fear vital chemical supplies loss

THE DEPARTMENT of Health said yesterday that hospitals were becoming increasingly worried about the effect of the strike on their supplies of detergents and sodium metasilicate—a chemical also used in laundering. Deliveries of both products have been stopped because of picketing at BP Chemicals' detergent plant in Scotland and at the Unilever group's sodium metasilicate plant in Warrington.

Hospitals unable to launder their linen would normally use disposable sheets and gowns as a replacement, but stocks of these are extremely low too because of the hospital supervisors' strike last year.

The Department of Health said hospital patients had not yet been directly hit by the road haulage strike but it added that this situation "could change rapidly."

A shortage of granular salt used for renal dialysis was reported in the Merseyside area yesterday.

## Jobs hit in North total 50,000

BY RHYD DAVID

LAYOFFS NOTIFIED to the Department of Employment in the North of England have passed 50,000 as the lorry drivers strike increases its stranglehold on much of the areas' industry and commerce.

In the North-West, one of the worst affected parts of the country, the total rose slightly during the day to 27,000, and there were reports of an easing of the blockade on some essential supplies and a partial restoration of union control over unofficial strikers.

Elsewhere in the North, there are signs that the situation is worsening with layoffs in the North-East totalling 18,000, and a new fuel crisis looming because of the picketing of oil terminals on Teesside.

The rest of the layoffs in the North are in Yorkshire—a total of 10,000—where concern continues over the fate of livestock because of the blockade of feed-stuffs at Hull docks.

The food situation throughout the North remains potentially serious, although a number of major supermarket chains report that their shelves are reasonably well stocked except for a few commodities, such as butter, margarine and sugar. They also warn that shortages could develop very quickly.

The threat of an extension of the water workers' strike in Manchester was lifted temporarily yesterday when men at the city's main depot voted to cross picket lines.

By their colleagues from the North-West Water Authority's Pennine division, who have been on strike for almost a week.

Manchester is faced with a 24-hour bus strike on Monday.

## Diesel fuel famine puts bus services at risk

BY ROBIN REEVES, WELSH CORRESPONDENT

DIESEL FUEL is becoming scarce in the South-west and South Wales because of strict picketing of oil depots at Avonmouth and Newport, Gwent.

The Government's Emergency Committee for Wales reported yesterday that the shortage threatened bus services. The South-west's committee said that service stations on the M4 and M5 were running short of diesel and that diesel fuel was becoming increasingly hard to find.

Pickets at oil terminals are limiting deliveries of diesel fuel to non-haulage company fleets and essential users, including public transport.

The pickets are apparently interpreting the exemption list very strictly to try to prevent diesel from reaching the fuel tanks of hauliers in the haulage industry. For the same reason, no diesel is being allowed out to filling stations.

Estimates of layoffs vary. Some put the figure at 3,200 in 16 companies in Wales and 2,000 in the South-West. However, the CBI in Bristol said yesterday that layoffs in the region totalled only several hundreds.

In Wales, the Emergency Committee gave a warning that a further 10,000 layoffs would occur within 10 days unless the

strike ended. Materials shortages were obstructing industry and export orders were being frustrated, it said.

BL laid off 700 workers at its Llanelli pressings plant last night and Thorn Electric laid off another 700 at Merthyr Tydfil. Alean expected 1,500 layoffs within days at Newport.

## 'Sweetener' denied

A FARMER'S allegation that he has been obliged to pay a £15,000 "bribe" to get sugar beet into a factory at Cantley, Norfolk, for processing was denied by Transport and General Workers' Union strike leaders yesterday.

Mr. Anthony Gurney wrote to his local newspaper, in Norwich, saying that he had been advised by a beet haulier that he would have to pay the levy to the labour headquarters to get the beet through.

The union said: "This claim is completely refuted. Where some hauliers might be using our men to get food supplies through, they are asked to donate their men's wages to charity."

There is official concern over the difficulties in removing chemicals from the docks for power stations and water treatment works.

Official estimates are that 9,000 people are laid off because of the lorry drivers' strike, and this could rise by 2,000 in a day or two. Several thousand others have returned to work with the ending of the fuel shortage, but now that the companies affected have resumed production, their reserves of raw materials may be used up quickly.

## 1,500 boat refugees accepted

BRITAIN is to take another 1,500 Vietnamese boat refugees from among those now awaiting resettlement in Hong Kong, Malaysia and Thailand.

They are to be admitted over the next 12 to 15 months. Mr. Merlyn Rees, Home Secretary, said in a Commons written answer yesterday.

Mr. Bryan Gould (Lab., Southampton, Test) had asked for a statement on the Government's plans for receiving more Vietnamese refugees.

The decision is in response to urgent appeals by the Hong Kong Government and the UN High Commissioner for Refugees. One thousand of the boat people will come from Hong Kong and 250 each from Malaysia and Thailand.

Malaysia now has 50,000 boat refugees in camps and Thailand has about 3,600. Thailand's total Vietnamese refugee intake, however, is put at about 138,000, most of whom crossed overland from Laos, Cambodia and Vietnam. Hong Kong has 5,400 refugees awaiting resettlement.

The numbers arriving for resettlement in these countries have not kept pace with the departures.

At present, Vietnamese refugees are accepted for resettlement in Britain either because they have some connection with this country or because they have been rescued by a UK-registered ship.

The UK accepted 1,108 refugees between 1975-78 from Vietnam. The latest 1,500 are in addition to those who come under the agreed conditions for entry.

Mr. Rees says the decision does not commit the Government to accepting further groups than those picked up by British ships or those admitted because of their links with Britain.

Reception and subsequent resettlement of the latest refugees will be handled by voluntary refugee organisations.

These include the British Council for Aid to Refugees (which will co-ordinate the work of the voluntary bodies as a whole) and the Ockenden Venture.

Appropriate financial and other assistance will be given to the voluntary organisations by the Government.

Urgent consultations will now take place between

the voluntary bodies, Government departments, local authorities and other interests about necessary arrangements for this group of refugees.

For practical reasons, it will be necessary to phase the arrival of the refugees, says Mr. Rees' statement.

The detailed schedules for their arrival have yet to be settled, but it is possible that the first group will be able to arrive during March with the rest arriving in the course of the following nine to 12 months.

Reception and resettlement of refugees normally takes the form of three to six months in a reception centre (where they receive initial help and counselling), followed by their resettlement in other areas of the country where suitable accommodation and services are available.

In this latter process, there will be close consultation between the voluntary organisations, local authorities and the other interests concerned.

Mr. Rees' statement says: "The Government has decided that, as part of the wider international effort to cope with the problems caused in South-east Asia by the continuing out-flow of refugees from Vietnam, and in response to appeals by United Nations High Commissioner for Refugees, it will admit to this country over the next 12-15 months a further 1,500 Vietnamese former 'boat' refugees."

These refugees will be in addition to any who are already admitted under existing policy. Of the 1,500 refugees, 1,000 will come from those already in Hong Kong awaiting resettlement and the remainder in equal proportions from those in similar situations in Malaysia and Thailand.

Arrangements for their reception and resettlement will be the responsibility of the voluntary refugee organisations co-ordinated by the British Council for Aid to Refugees—to whom the Government will be giving appropriate financial and practical assistance—in consultation with the other interests concerned.

"The Government is very grateful to the voluntary refugee organisations for their willingness to help."

## Ulster hope of new talks

BY OUR BELFAST CORRESPONDENT

HOPES ROSE in Ulster yesterday that road haulage employers and representatives of the 5,000 striking drivers might shortly restart formal negotiations.

Transport union leaders had two hours of informal talks with the employers' side under the auspices of the Northern Ireland Labour Relations Agency, and both parties undertook to report back to their members.

Industry is worried that some vital materials are being held up in spite of the agreement of the union to allow them

through. Butter and cheese manufacturers said they were running out of salt.

The Ulster Farmers' Union is seeking clarification from the transport union in Belfast about the movement of feed for livestock. In some areas, poultry may have to be slaughtered because supplies are below normal.

Companies in the meat export trade fear that their business could be permanently damaged because they are unable to ship carcasses out of the province. Some dairies are short of cartons for milk.

There is official concern over the difficulties in removing chemicals from the docks for power stations and water treatment works.

Official estimates are that 9,000 people are laid off because of the lorry drivers' strike, and this could rise by 2,000 in a day or two. Several thousand others have returned to work with the ending of the fuel shortage, but now that the companies affected have resumed production, their reserves of raw materials may be used up quickly.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ENERGY

### Vertical windmill now self-starting

THE MUSGROVE tilting blade vertical-axis wind-turbine is no longer an academic exercise at Reading University, but an NRDC-backed project moving into the market-place.

In a year's time, production models should be on their way from P.E. Specialist Engineers of Alresford to remote or rural sites around the world, ready for such duties as irrigation pumping.

Meanwhile, in Britain, a consortium comprising British Aerospace, Taylor Woodrow and Reading University is doing a detailed design study of the Musgrave principle for electrical power generation.

Wind turbines revolving around a vertical axis are a significant alternative to the traditional "Dutch windmill" configuration, in which radial blades rotate on a nearly horizontal shaft at the top of a tall tower. Vertical-axis turbines do not need very tall towers, and therefore they couple more comfortably with the machinery they drive at ground level.

The towers, too, need not be very tall, but they are not only less lofty than those of comparable horizontal-axis machines, but simpler, much less substantial, and accordingly cheaper.

However, the modest style of vertical-axis machine is the Dariusius, a French invention of half a century ago, revived in recent years by Raj Rangi and Peter Smith of the Canadian National Research Council, and this has its troubles.

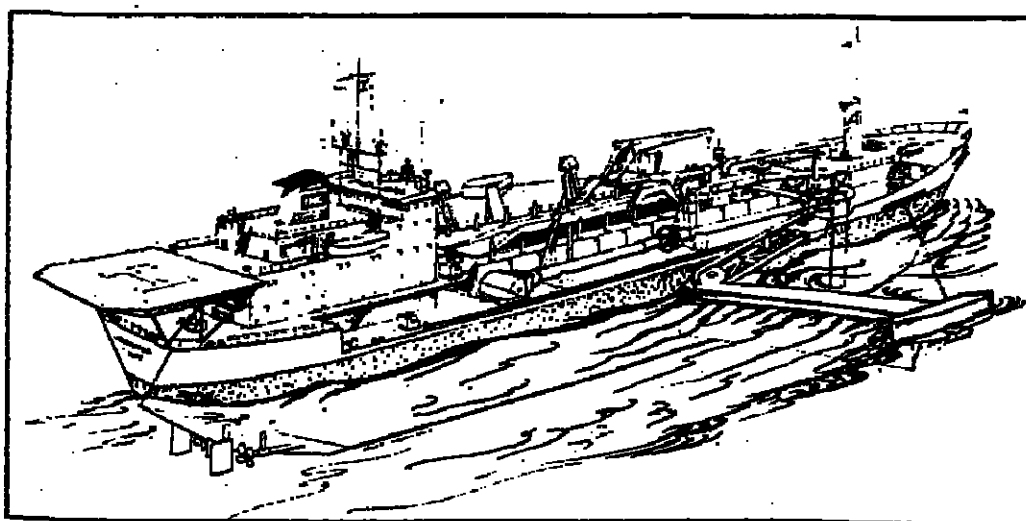
Dariusius turbines suffer at the bottom end of the wind-speed range by not being self-starting and at the top end by not being self-limiting — their blades cannot be turned edge-on to excessive winds, as on horizontal-axis machines.

Dr. Peter Musgrave of Reading University got away from the high-speed problem by putting straight vertical blades at the top of horizontal spokes radiating from the vertical shaft. These blades are hinged, so that when the rotational speed gets too high they can lean outwards under centrifugal force. Thus the bending regime becomes less oppressive, and the heightened tension is structurally easier to accommodate. Also, the effective angle of attack of the aerofoil is reduced, as is desirable in more powerful winds.

Although the simple two-bladed Reading machine is originally tested gets over the funding problem, it is like the Dariusius, in not being self-starting; it may start oscillating instead of revolving.

Dr. Musgrave has recently overcome this problem after a closer look at the aerodynamics. It turns out that self-starting is possible with very little complication. All that is necessary is an extra blade or two and a change in aspect ratio. In other words, the blades are made shorter in relation to their chord (or width). So the commercial machines are likely to be three- or four-bladed with "butter-plate" blades.

P.E. Specialist Engineers, Alresford, Hampshire, or Dr. Peter Musgrave, University of Reading, Whiteknights, Reading, Berkshire, RG6 2AH. Tel: 0734 85123.



PLANS FOR the construction of a combined dredging and oil spillage clearance vessel have been announced by IHC Holland NV. Expected cost is between £140m and £145m (over \$10m). The vessel is expected to go into service early in 1980.

To obtain an impression of the vessel says IHC (PO Box 6141, 2 Marconistraat, Rotterdam), one must imagine a trailing-suction hopper dredger with a hopper capacity of about 5,000

cubic metres. Under normal operations its role will be to maintain the depth of navigational channels along the Dutch coast, but in the event of a big oil spillage it will stop dredging immediately, empty its hopper then and there, or while steaming on its way to the spillage area.

Experts appointed to deal with the situation will be flown out to the vessel by helicopter. While the vessel is on its way

the crew will position specially designed collector "arms" for removing the oil. Each sweep of these arms will clear a 50-yard wide stretch of water.

The oil will be conveyed to port and starboard collectors from which pumps will transport it to a hopper. The oil will then be separated from the water by centrifuges and either stored in tanks on board or transferred to a tanker travelling alongside. By this method very large spillages could be dealt with, it is claimed.

## COMMUNICATIONS

### Light carries the signal

POST OFFICE has confirmed its confidence in the use of optical couplers in the telecommunications network with the award of the first full approval certificate to General Electric (U.S.). These devices interpose a light beam and a layer of glass in a signal path.

The company's H11A optical coupler manufactured in its European semiconductor plant at Dundalk, Ireland, will now be used in growing numbers: both for switching and transmission duties, replacing relays.

Approval is the culmination of extensive evaluation tests at the Post Office's Research Laboratories. This was followed by an assessment of the Dundalk quality control and manufacturing facilities. Quality approval tests and the establishment of product release pro-

## IN THE OFFICE

### Plain paper copier

LATEST Nashua plain paper copier, the 1240 DAD, is used with different masks which are produced to suit the various document needs in export paper work, for example.

Typically a form may have to be duplicated as separate versions each including or omitting different items for mailing to various destinations.

The original sheet is placed against the inside of the platen cover where it is retained by vacuum suction, while the relevant masks are positioned on the copier in the normal way — each mask selecting the needed section of the original and whitening out the rest.

More from Cory House, Bracknell, Berkshire (0344 54391).

## PROCESSES

### Italian project in Mexico

SNAMPROGETTI, the engineering arm of the ENI Group (National Hydrocarbons Agency of Italy) has been awarded a contract to supply another 1,500 t/d urea plant based on its own urea process, at Pajaitos, Mexico, by Fertilizantes Mexicanos S.A.

The work will include the licence, basic engineering, foreign procurement and supervision for construction and start-up.

The new plant is the third which Snamprogetti will supply to Mexico: the first, at Minatitlan, is of 750 t/d production and the second at Pajaitos is of 1,500 t/d.

Total capacity of the three plants will assure a urea production of over 1.3m t/yr for Fertilizantes Mexicanos S.A.

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## SERVICES

### Reducing the phone bills

USERS OF telephones, telex and data transmitting systems do not always know whether they are getting the best possible deal.

This is the main conclusion of Industrial Energy Costs (Telecommunications) following a study of telephone operations which it claims covered about 30,000 industrial and commercial locations.

The company says it has found that users do not know whether it is cheaper to buy or rent telecommunications equipment, whether the equipment in use is the most efficient and least expensive or whether overcharges are being made through meter faults or errors in calculation and billing.

The company reckons its advice would be useful to organisations spending £7,000 a year upwards on telephones and associated equipment. Initial fees for the service range from £300 to £8,000.

These fees contribute to the cost of surveying plants and offices, etc., and concurrent examination of relevant invoices, a study of switchboard operation, of methods of making long distance calls and of ways and means of cutting the numbers of calls made and the time spent on them.

Monitoring and analysis is carried out over a 5-year period and once cost cutting recommendations are implemented, the client shares the financial savings with Industrial Energy Costs. The company's headquarters are at Vulcan House, Orchard Road, Lytham St. Annes, Lancs. FY8 1PF (0253 728951).

## MATERIALS

### Makes a strong bond

TWO-PART flexible synthetic resin adhesive which cures rapidly to handling strength and provides high impact and vibration resistance, has been introduced by the adhesives, coatings and sealers group of 3M United Kingdom, primarily for use in structural bonding applications involving rigid plastic substrates.

Scotchbond structural adhesive 3532 B/A is a two-component product that cures at room temperature or with heat to form a tough, impact-resistant structural bond. Its formulation ensures strong adhesion to most rigid plastics as well as many primed or painted metals. It is, therefore, ideally suited for plastic-to-plastic and plastic-to-metal structural bonding applications.

Ultimate shear strength can be as high as 2250 psi at room temperatures for a plastic-to-metal bond, depending on the materials being bonded.

A benefit of this adhesive is its ability to cure handling strength far more rapidly than most epoxy adhesives, thereby speeding up production and assembly operations. At room temperatures the adhesive will cure to 400 psi in about three hours; at 48°C (120°F) the same handling strength is reached in about 20 minutes; at 82°C (180°F), it takes only five minutes.

Scotchbond adhesive 3532 B/A is solvent-free, eliminating the dangers of flammability. Being 100 per cent non-volatile it will not shrink on curing.

Adhesives, Coatings and Sealers Group, 3M United Kingdom Ltd., 3M House, PO Box 1, Bracknell, Berkshire, RG12 1JU. 0344 28726.

## Castings take the strain

TENSIONING BRACKETS for motorway barriers, made from a special grade of spherulitic graphite iron castings, developed by Chilwell Foundries of Nottingham, have been approved by the Department of Transport for use on all motorways and trunk roads in the UK.

Specifications laid down by the Department of Transport require a high degree of tensile strength, to accommodate the continuous stress under which the brackets are placed, as well as resistance to corrosion.

Spherulitic graphite iron has greater structural integrity than is possible with steel at the same cost, says Chilwell, one of the UK's leading producers of special grades of ductile iron. Also spherulitic has more strength and durability than is possible with fabrications.

Four tensioning brackets are used at each tensioning joint. These are located at 70 metre intervals along the crash barriers. The grade of SG iron developed by Chilwell and tested at the Transport and Road Research Laboratory gives 35 ton tensile strength with 10 per cent elongation.

Chilwell Foundries, Beeston, Nottingham.

The big new name in engineering

**NEI**  
NORTHERN ENGINEERING INDUSTRIES  
A MERGER OF  
CLARKE CHAPMAN  
& REYNOLDS PARSONS

## LICENCING

### Trade link with China

AN AGREEMENT for the licenced manufacture of fluid couplings in China has been made between Fluidrive Engineering of Isleworth, Middlesex, and the Chinese National Technical Import Corporation.

Initially the couplings produced will cover the 500 to 3,000kW range and be used to provide variable speed drives for pumps and fans in refineries, power stations and steel works. A factory is being established to produce the Fluidrive products and it is intended to start production of the first couplings within two years.

## Compressors come from Denmark

B.I.F. (British Industrial Fastenings), manufacturer and distributor of machine-dispensed industrial fastening systems and member of the international Offex Group, has concluded arrangements with Danish compressor manufacturer F.F. Luft A.S. for the sole distribution and after-sales service of the Danish company's compressors in the U.K.

The compressor range now marketed under the BIF Air FF trade mark incorporates several features such as direct drive, which eliminates the need for flywheels, belt drive and safety guards.

Specially designed stainless steel concentric valving devices ensure cool air is driven into the centre of the cylinder thus benefiting from low temperature operations and with Health and Safety at Work in mind the units operate at 68-72DB(A) at only 1 metre distance.

Model BIF LS1-40-DD with a maximum working pressure of 140 psi (10 Bar) is available "off the shelf" from B.I.F. British Industrial Fastenings, Gatehouse Road, Aylesbury, Bucks, 0296 81341.

## Captures more heat from sun

ONE OF the products to be demonstrated at the Energy Show (NEC, Birmingham, February 17/24) is something that, on the face of it, appears simplicity itself, namely, co-extruded tubing to be used in heat-capture devices.

However, the tubing-Solar-tube has an external transparent sleeve around an inner black tube, formed with longitudinal finning which spaces the central water-carrying tube away from the outer walls, reducing conduction loss.

The structure thus is outer tube, air gap, inner tube, the air gap minimising heat loss by radiation.

Made of ICI's Welvic pvc, the Solar-tube is extremely simple to apply, comes in lengths of 76 metres and can be wound into practically any shape of collector a user might desire. For maximum efficiency it would be installed with a reflector, but many users would undoubtedly be prepared to sacrifice some efficiency for the ease with which this heat collector can be installed and connected.

Williams (Energy Services) which is promoting Solar-tube, will also be showing an integrated, factory assembled solar package which needs just two connections in domestic or commercial premises to function. The pump is integral with the package, which is offered at low cost.

This company can provide an installation tailoring service as well as a package-installation service.

Further from J. Williams (Energy Services), The Furlong, Berry Hill Industrial Estate, Droitwich, Worcs WR9 9AJ. 090 57 3701.

## HAND TOOLS

### Bright idea in the home

A NEW hand tool to be put on the market in the near future is expected to penetrate very rapidly into the domestic and DIY markets and to find rapid acceptance in many industries, displacing a unit of which most householders have several.

The inventors are not prepared to release details of the unit which uses an idea applied medically to solve a perennial problem, prior to launching in February.

Brainchild of Gerald Cooper

of the Cooperchem Company, final design, tooling and manufacture of it has been undertaken by two major UK manufacturing companies. Independent market assessments range from 20m to as many as 60m units over the next few years.

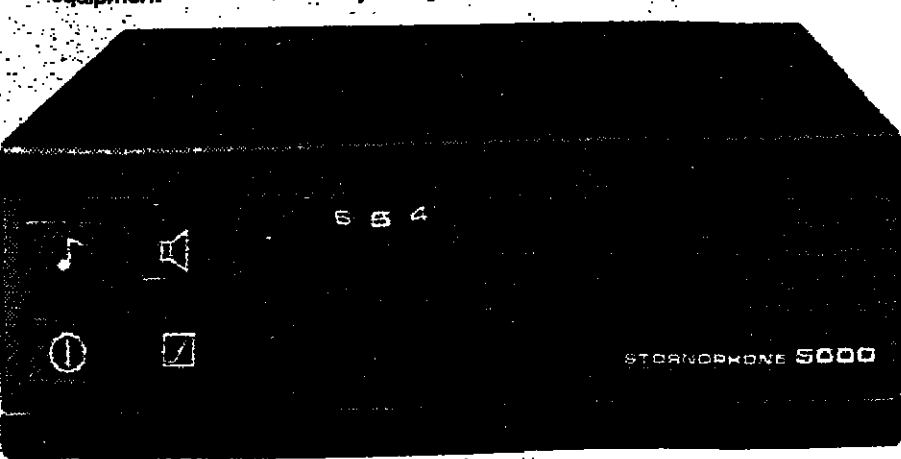
Samples are being made for the launch at the moment and UK television advertising budgets for 1979 have been fixed at £300,000, the account being with Norman, Craig and Kummel.

Cooperchem Company, Norwich House, 13 Southampton Place, London WC1A 2AY. 01-242 6344.

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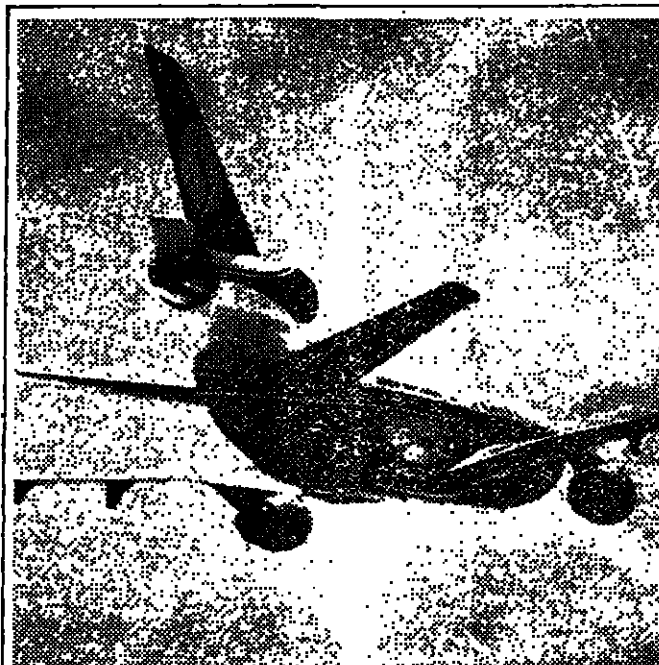
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"Sabena is uniquely placed to give a better service to the business traveller."

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Sabena, being Belgium's International Airline serving the EEC capital, carries a higher proportion of business travellers than any other airline.

Couple this experience with a network giving an almost unrivalled coverage of Central Africa, and

"Sabena has some of the fastest connections with the Middle and Far East"

some of the fastest connections to the Middle and Far East, and you can begin to understand just how Sabena can answer business travellers' needs.

Take Brussels Airport for example. It is just a fifty-five minute flight from Heathrow, yet despite the proximity, the contrast could hardly be more marked. The sheer calm, comfort and efficiency of the compact single-terminal Brussels

airport makes it one of the most civilised in Europe, with every facility for the business traveller close at hand.

Such as the Sabena Business Club, with its office, conference and lounge. Such as the 1st class lounge. Such as one of Europe's finest duty-free shopping precincts.

The convenience doesn't just stop at the airport. For Brussels-bound travellers there's the Sabena

train, which whisks you from the station beneath the airport to the very centre of Brussels (to Brussels Central Station to be precise) in just 16 quiet and comfortable minutes.

So you see just how Sabena is tackling the problem of business travellers seriously, to make business travel less of a business.

The elegant ambience of the Sabena Business Club.

"The compact single-terminal Brussels Airport is one of the most civilised in Europe."

From the heart of the airport to the heart of Brussels in just 16 minutes.

**SABENA**  
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Via Brussels to South-East Asia. Ask your travel agent to check the Sabena schedules; you'll be surprised to find how quickly you'll get there... and back!



Sabena's first-class menu is highly varied.

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## THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

# Wasey wins Life Savers; Hertz Europe spends \$6m

McCANN-ERICKSON is not the only Interpublic agency prospering in London. Wasey Campbell-Ewald, part of the same stable, has added on the Life Savers account, expected to be worth at least £800,000. The U.S. confectionery giant hopes its Bubble Gum brand will have taken 40 per cent of a UK bubble gum market worth £30m by the end of the year.

"It's nice to be back in the confectionery area," says Wasey chairman Colin Goodson. The agency used to handle Trebor. Wasey's current billings are running at £33m.

● **HERTZ EUROPE** has signed ex-motor racing champion Jackie Stewart to be the car rental company's "advertising spokesman" in the U.K. and major Continental markets this year. New Hertz testimonial ads will appear in top business print media and national newspapers, as well as the in-flight magazines of all major European airlines. The agency is Ted Bates. Hertz Europe's total marketing investment this year is expected to total \$6m, including \$2m-plus for advertising.

● **BRYANT AND MAY**, claiming a 62 per cent share of the £52m match market, is starting a £90,000 consumer and trade Press campaign on February 11. The campaign is the result of a joint promotion being staged by B and M and Ladbroke in which matchbox backs will be worth a 30p stake in the new Ladbroke Spotball contest. B and M spent £800,000 on media advertising alone last year.

● **DON ARLETT** has been appointed deputy creative director and Michael Bank deputy managing director at OBM.

● **ADIDAS**, stepping up its UK marketing, has appointed its first UK agency: Connell, May



WHAT THIS delightful lady has to do with Colman Foods' new Sunny Sauce is not immediately clear, but she's a cheerful distraction in the endearing gloom. Sold under the Mellow's name, Colman hopes the brand will stir things up in the £14m brown sauce market, which is "very staid," says Colman.

Sunny Sauce is in a different sector to Colman's OK range. The promotional strategy will seek to ensure that Sunny Sauce retails at around 15p for the 61g or 25p for the 22.5g size. Colman is confident the launch prices will be held until 1980.

and Stevenson. Expected budget: £250,000-plus.

● **CIA**, the independent media specialist, says last-quarter billings gains of £1.7m have taken the total to £6.5m. New clients include BBC Records, Caters Supermarkets and Foods Halls (part of Debenhams), Harman Audio, Quinton Hazell and two divisions of Rio Tinto Zinc. CIA

recently moved from Covent Garden to 239/241 Shaftesbury Avenue.

● **THE CREATIVE BUSINESS** staff total has reached 40 with the appointment of two new account managers, Elaine Dayan and Vincent Swift, a new financial controller, Peter Mulvey, and two new production assistants, Jane Evans and Denise Bareham.

● **CUTLER-HAMMER**, the Beds-based motor control gear manufacturer, has appointed Key Services of Thame to handle all PR and advertising. The company plans a £250,000 campaign this year to launch various new products.

● **PETER MEARS** has joined the Board of ATV Network as director of sales.

● **PROPOSED LEGISLATION** on bargain offer claims has been sharply criticised by the Institute of Practitioners in Advertising. The legislation would ban all claims that a retailer's price is less than a manufacturer's recommended, suggested or maximum retail price, and would prohibit certain other price comparisons. The IPA claims there is "absolutely no consumer justification" for the proposals. It says they would tend to raise prices and pose difficulties of enforcement. It maintains that the majority of shoppers approve of dual pricing, and that its elimination would necessitate other, more expensive, promotional devices.

● **IN THE U.S.**, Genesco, Lily of France, Maidenform, Olga Co. and Warnaco Inc. are among companies rushing to introduce new jogging bras, reports Advertising Age, monitoring latest developments in the jogging craze. Warnaco's new athletic bra reportedly is designed for "weekend sports women, but not for marathon runners."

## 'Safer' smoke aims for \$160m

MUTTER THE magic words tobacco substitute and tobacco marketers, even today, jump half a storey, so bitter are their memories of that definitive fiasco, the attempt to launch cigarettes containing tobacco substitutes in Britain, writes Michael Thompson-Noel.

In the space of a few short months, 20 years' R and D, to say nothing of millions worth of investment in new plant and a free-spending advertising campaign, disappeared in smoke—a debacle etched on such a scale that business historians will come to accord it the same reverence they accord the Ford Edsel.

But the tobacco companies may soon find themselves propelled once more in to the hectic search for a safer cigarette, for in the U.S., non-



Non-tobacco brands, as well as low-tar brands like B & H Lights, are making themselves felt in the \$160m U.S. cigarette market.

tobacco cigarettes, made from substances that range from cocoa beans to margold leaves, are entering national distribution, backed by campaigns describing them as being free of noxious substances like nicotine. The manufacturers of one brand, Free, calls its product a "revolutionary scientific breakthrough, representing the most significant advance ever made toward producing a truly satisfying tobacco-free smoke for millions of Americans." Free is made from the outer layer of cocoa beans.

U.S. tobacco makers say that tobacco-free cigarettes are absorbed from state tobacco taxes. Nor are the makers obliged to print the standard Federal Trade Commission health warning in ads or on packs. They are also free to advertise the products on radio and TV, they say.

The obvious disadvantage of the products is that they seldom taste as good as tobacco-made cigarettes: made from lettuce leaves, produced by Bravo Inc. of Texas, stopped several years ago because smokers disliked its aroma.

International Brands says its Free brand is aimed primarily at those who want to stop smoking regular cigarettes or those who otherwise wouldn't smoke at all. The brand was test marketed in California for 12 months and introduced nationally late last year. Initial sales are said to be "exciting." The company is making 1m cocoa-bean cigarettes a day and hopes the brand will capture around 1 per cent of the U.S. cigarette market within three years. That would be worth \$160m at current sales rates.

Some observers rate the brand's chances of success as low. "It tastes awful," says one. "I don't think it has a chance of succeeding."

Other non-tobacco cigarettes (some imported from Britain) are made from substances that include coltsfoot, yarrow, clover and ginseng roots.

It is unclear whether the tobacco major themselves plan to enter the non-tobacco fray. A spokesman for Philip Morris says the company is not much interested in cigarettes that don't contain tobacco. R. J. Reynolds holds patents to manufacture cigarettes from cereal grains, but has made no move to date.

Industrial advertising is managing to shed its status as a poor relation of marketing. Report by MICHAEL THOMPSON-NOEL

## A shout for Cinderella

AS THE MAN once said, if a million quarter-inch drills are sold they are sold not because people want quarter-inch drills but because they want quarter-inch holes. The concept of product augmentation—that people don't buy products: they buy the expectation of benefits—is just as applicable in industrial markets as in the case of mass consumer goods; possibly more so, though you wouldn't always guess it.

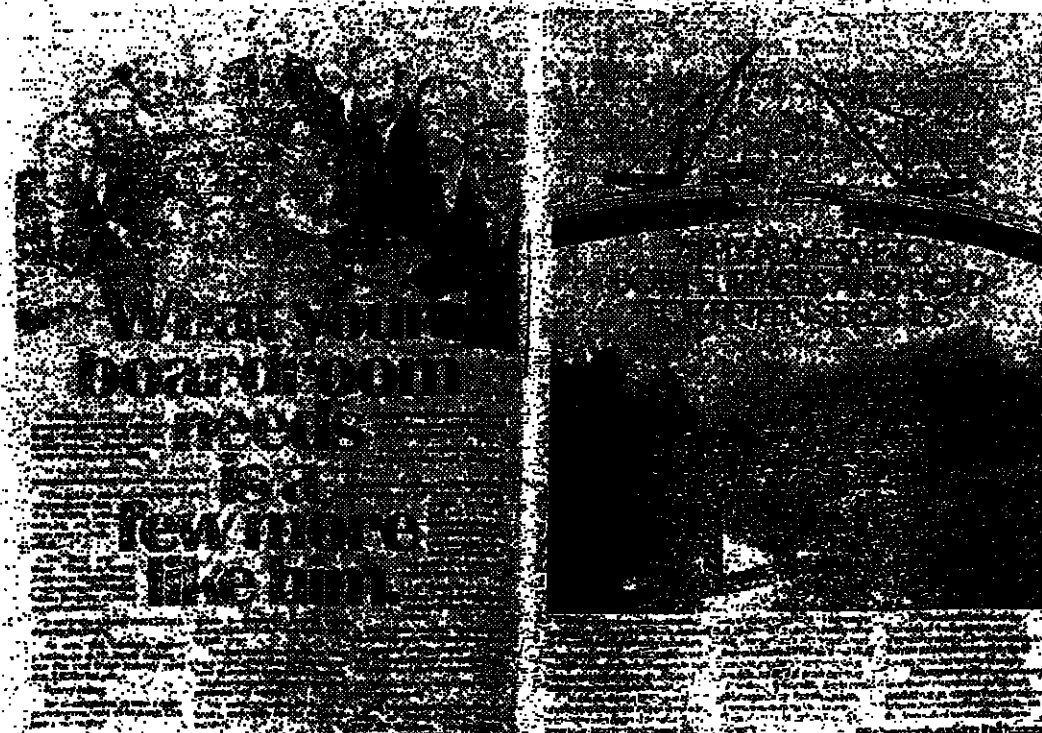
As Theodore Levitt said, whether the product is cold rolled steel or hot cross buns, accountancy or cosmetics, competitive effectiveness increasingly demands that the successful seller offer more than the product itself; he must provide a total proposition, the content of which exceeds what comes out at the end of the assembly line.

A London agency that has made something of a specialty of industrial advertising is Davidson Pearce Berry and Spottiswoode, whose industrial clients are BP Chemicals, the British Aerospace Aircraft Group, Colt International, D. D. Lamson, Lansing and C. W. Pittard. The fee total of these accounts expressed as a billings equivalent is not large—£1.8m, or 3.4 per cent of total DPBS billings (a la MEAL) of £52m.

But then industrial advertising is invariably aimed at a highly specialised audience. Media expenditure is correspondingly modest: £50,000 to £300,000, say, compared with the £1m-plus often required in the consumer and packaged goods field.

According to the agency's Sydney Bushill: "Industrial advertising is the Cinderella of the business. Agencies have invariably put their biggest efforts behind consumer accounts, partly because industrial companies have too often been able to secure their businesses without relying too much on marketing skills."

"That is changing. Companies are increasingly finding



Two of DPBS's recent industrial ads. Left: a Boardroom of Tony Benns for Colt International. Right: BP Chemicals.

that their products are largely similar to those of their competitors. They are no longer able to rely only on product development. Major changes in fork lift truck design and manufacture, for example, now require an extraordinarily large investment."

According to Mr. Bushill, advertising is uniquely placed to spearhead an industrial market attack. "It is no longer say good agencies putting up second or third rank teams to service industrial accounts; they must field front-rank research and creative teams."

He says he is not underselling the role of the trade exhibition. "But now that most industrial companies can no longer sustain sales and expansion through sheer product improvement, they cannot afford

to ignore the continuity and reinforcement that an advertising campaign offers.

"The advertising is totally controllable, and extremely cost-effective. There is no way an industrial sales force can achieve the same impact. Moreover, the advertising becomes the public face of the company. The ads themselves become the best-known reference point for the rest of the marketing effort. The sales force is often very well informed technically, but it needs to be reminded of the company's public selling stance."

Naturally, Mr. Bushill and his agency have a vested interest in plugging the benefits of advertising. But they practice what they preach.

Some of their best-known work in the industrial field is

that produced for Colt International. Over the last ten years, Colt has taken the attitude not that it's selling heating and ventilation equipment but that it's selling the benefits of good working conditions, better labour relations and higher productivity.

The latest Colt ad shows a Boardroom of Tony Benns, simply because in recent months the Energy Secretary has been "alarming facts" to industry's attention such as the claim that an energy saving of 10 per cent would "chisel £500m off industry's costs. From there, the ad goes on to stress the benefits (and tax advantages) of Colt's Waste-master heating system.

Industrial advertising may still be a Cinderella. But then even Cinderella eventually reached the ball.

# Launch a new chocolate and our viewers will give it a whirl.

It's a fact. Put a new and unusual food product on Southern screens and our viewers will be happy to try it for you.

Ask French Toasts, Port Salut Cheese, Karmel Avocado and St. Raphael, to name but a few recent successes. Our market is 41% ABCI—against the national 32%. So our audience has the spending power to back its tastes.

If you fancy the taste of success, put your products on Southern. Ours is a very receptive area, and that's the Southern difference.

## SOUTHERN TELEVISION

For further information contact Brian Henry, Marketing and Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

## WHERE DO YOU GET 600 SCATTERED PUBLICANS TO PULL TOGETHER?

Ring or write for details of the most professional personnel, the most versatile premises and the finest audio-visual equipment in the whole of Europe. And we're not exaggerating.

### THE HEATHROW HOTEL

Europe's most advanced conference location

Conference Services Manager, The Heathrow Hotel, Bath Road, Heathrow, Hounslow, TW6 2AQ. Telephone 01-897 6363. Telex 934660

## Star sales now 485,000, says Mirror Group

MIRROR GROUP Newspapers says its latest Gallup Poll check, conducted Tuesday, January 9, indicates a current total net sale of Express Newspapers' new daily, the Daily Star, of 485,000. This includes an estimated sale of 40,000 in Eire and Northern Ireland. The total for England and Wales, 445,000, represents an 11 per cent drop from 502,000 on the last Gallup audit on November 28, says Mirror Group.

According to Derek Rogers, MGN's circulation sales director: "The survey seems to suggest that a very large percentage of the Star's sale is coming from established titles. The new market that was so confidently predicted doesn't seem to have materialised."

## TOY COMPANY WITH £150,000 ABOVE THE LINE BUDGET IS LOOKING FOR TALENTED ADVERTISING AGENCY

We are about to launch a new range of toy products for a leading national retailer with a budget of at least £150,000. To achieve our objectives it is necessary to form a close working agency relationship with someone with a proven record in the same or similar product field. If you can furnish evidence of this, along with a detailed agency structure we would be delighted to hear from you. To enable an early decision to be reached all interested parties are asked to contact us without delay. We apologise, but due to the competitive nature of this promotion we are obliged to place this advertisement through a box number.

Write Box G.3188, Financial Times, 10 Cannon Street, EC4P 4BY.

plays in their marketing sponsorship of the arts has been checked. Mate, backed by Imperial Tobacco, was a recent ill-fated venture at the Comedy Theatre, and past investments

## Make your conference business a pleasure.

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For complete details of conference facilities, please write to Publicity & Promotions Officer, Colston House, Colston Street, Bristol BS1 5AQ, or ring (0272) 26031, Ext. 300.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Position \_\_\_\_\_  
Address \_\_\_\_\_

FT/11

# Bristol

requests the pleasure of your Company

## CAR LEASING THROUGH HERON COULD BE THE BEST DECISION YOU'LL MAKE THIS YEAR.

Heron Leasing could save your company thousands. Heron Leasing in 15 major cities and all over London.

To find out more telephone or tear off the corner of this ad and send it freepost with your letterhead to J. Edwards, Heron Leasing Limited, Freepost, Wembley, Middx., HA9 8BR.

Tel. No. 01-903 4811.

**HERON LEASING**  
SO MUCH MORE THAN A GOOD PRICE



هكذا من الأفضل



The Carlton

VAUXHALL PRESENT A CAR OF QUALITY AND DISTINCTION, THE NEW CARLTON TWO-LITRE.

FULLY APPOINTED LUXURY INTERIOR. GRAND TOURER PERFORMANCE. CARLTON 2-LITRE (1979CC) SALOON £4,831. ESTATE £5,322. PRICES CORRECT AT TIME OF GOING TO PRESS.

PRICES INCLUSIVE OF CAR TAX, VAT, FRONT SEAT BELTS AND RADIO. DELIVERY AND NUMBER PLATES EXTRA. WHEELS ILLUSTRATED. AUTOMATIC TRANSMISSION AND SUNROOF ARE ALL AVAILABLE AS OPTIONAL EXTRAS. FOR DETAILS OF YOUR NEAREST DEALER RING LUTON (0582) 21122. EXT. 4159. FLEET AND MASTERHIRE LEASING ENQUIRIES, EXT. 4160. VAUXHALL RENTAL, EXT. 4148. PERSONAL EXPORT ENQUIRIES, EXT. 3830.



## Go international, young manager

experience to  
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# new beauty

## DIVISIONAL/FINANCIAL CONTROLLER

"We have a vacancy for a Divisional Financial Controller within our Beauty Division. 'New Beauty' is a well established and successful brand name in the furniture industry and has achieved dynamic growth in the last 5 years. The Division, which employs approximately 600 people, has manufacturing facilities at Edmonton, North London, and Brentwood, Essex.

Reporting directly to the Chief Executive of the Beauty Division of Bowater U.K. Limited, he/she will assume overall responsibility for the existing financial departments at each site with a functional link to the group finance department.

Candidates must be qualified accountants with not less than 5 years' practical experience in a commercial manufacturing environment preferably in consumer products as a Chief Accountant or Deputy. The Company operates an ICL 2903 computer and candidates should be able to demonstrate competence in this area.

The appointment will carry an attractive salary together with Company car, BUPA, Company pension scheme and other fringe benefits including appropriate relocation costs.

Would you please write to: Richard Holt, Beauty Ltd., Angel Road, Edmonton, London N18 3AB

providing full details of your career and your qualifications. If you would like us to send an application form please contact Miss Mavis Lilley on 01-807 3040.

## Group/Project Controllers

£12,000-£16,000 + car

We are seeking qualified accountants (CA, ACA, ACCA) and/or MBAs, aged 30-45, with significant financial background who possess wide-ranging controller or equivalent experience in the electronic component or systems fields. Previous experience in the multinational business environment will be most beneficial. One of the Controller positions will be in the group having responsibility for sales and service of Fairchild's sophisticated electronic test systems throughout Europe and be based south-west of London. Other positions will be of a project financial management nature, such as joint ventures. These positions will initially be based at our European headquarters in North London but may involve future relocation. REF. GPC.

**FAIRCHILD**  
CAMERA AND INSTRUMENT CORPORATION

## Manager Financial Analysis, Europe

£12,000-£14,000 + car Based N. London

A qualified accountant, aged 28-40, male or female, is required for this appointment. We need someone with a strong financial analysis and EDP background. Here the key tasks will be to co-ordinate all European financial EDP systems development, to analyse monthly operating results and supervise the preparation of summary reports, forecasts and recommendations, plus an extensive range of regular and ad hoc financial analysis work. The selected candidate will supervise an analytical staff of four. There is an opportunity for travel to Europe and the States. REF. MFA.

The rapidly expanding market for our products and our pre-eminent position in the electronics industry provide unique growth opportunities for aggressive career-oriented professionals. The 'chip revolution' is here. This is your chance to join the leader.

In addition to the competitive salaries set forth above we provide an attractive fringe benefits package. If you are interested in any of these specific vacancies or would like to discuss generally the opportunities for career development within Fairchild, please reply with full C.V. in the first instance to: Christopher Mill, 57 Queen's Gate Mews, London SW7 5QW. 01-584 8805.

## Financial Analyst

£7,000-£9,000 Based North London

As one of a team of 4 analysts reporting to the Manager, Financial Analysis, we require a qualified accountant with at least 4 years demanding post-qualification experience gained both within the profession and industry. Responsibilities include monthly financial analysis and involvement on systems development, plus special projects in UK and on the Continent of Europe. REF. FA.



## MANAGER Internal Audit BASED IN LONDON

The SmithKline Corporation is an expanding multi-national Pharmaceutical Company with headquarters in Philadelphia, U.S.A. An outstanding opportunity has arisen for a highly experienced and imaginative Manager - Internal Audit, to cover Continental Europe and Internal Audit in Philadelphia, for the direction and administration of a comprehensive internal audit programme covering these areas. It is envisaged that up to 50% of his/her time will be spent abroad with most weekends at home.

The successful candidate will be a chartered accountant with a strong personality, keen business sense and fluency in either French or German. Although no age limit is being specified it is expected that the appointee would be in the age bracket 34-40. Experience in the internal audit field would be desirable, although candidates whose experience has hitherto been confined to the Profession will also be considered.

The Company, highly rated as a progressive employer, offers an attractive salary and bonus plan, excellent benefit package including company car, and generous relocation assistance where applicable. Short listed candidates will be interviewed in London.

Please AIRMAIL full career details and salary requirements to: Mr. W.E. Kulesh, Senior Employment Administration, SMITHKLINE CORPORATION, 1500 Spring Garden Street, P.O. Box 7929, Philadelphia, Pennsylvania, 19101, U.S.A.

**SmithKline**

## Director of Finance

Salary Range £11,796-£13,143

The Housing Executive is the central housing authority for Northern Ireland with a stock of nearly 200,000 dwellings and an annual capital and revenue budget exceeding £200 million. The Government is committed to giving a high priority to the solution of the Province's housing problems.

The professional management team of the Housing Executive is headed by the Director General, supported by Directors of Finance, Development, Housing Management and Administration. The present Director of Finance is leaving to take up another senior position and applications are now invited for the vacant post. The successful candidate will be responsible for the accounts of the Executive and for financial management and financial policy including borrowing. He/she will also be involved in re-organisation of the management structure of the Executive which is now under way.

Candidates will have relevant management experience at senior level in a large organisation and will have appropriate professional qualifications.

An Application Form and job specification may be obtained, in confidence, from Mr Robert Spence, Director General, Northern Ireland Housing Executive, 1 College Square East, Belfast, BT1 6SU to whom they should be returned not later than 9th February, 1979.

**Housing Executive**

## BANKER WITH IBERIAN EXPERIENCE

required by

### ITALIAN INTERNATIONAL BANK

to expand its existing business in Spain and South America. Fluent Spanish and knowledge of the Spanish market are essential. Portuguese and knowledge of South America would be an advantage.

The ideal candidate would be over 30, with a flair for obtaining profitable business, have experience of syndicated loans and currently be earning not less than £12,000 p.a.

Please apply to: Managing Director, Italian International Bank Limited, P & O Building, 122 Leadenhall Street, London EC3V 4PT



## LAND AND PLANNING OFFICER

The Housebuilders Federation has a vacancy for a Land and Planning Officer following the appointment of the present incumbent as Director. The duties include servicing the Federation's Land and Planning Committee, the submission of representations to Government Departments and other interested bodies and the provision of advice to members.

The appointee is unlikely to be under 30 and will probably have a degree and/or professional qualification. A knowledge and understanding of planning and associated legislation affecting estate development would be advantageous but of even greater importance is the ability to take initiatives and to work with limited supervision within a small team. It will be essential for the person appointed to be able to write lucidly and to establish good working relations with directors and senior executives of member companies.

The appointment is based in London and an attractive salary and other benefits will be provided. Applications in writing to the Assistant Director General, National Federation of Building Trades Employers, 82 New Cavendish Street, London W1M 8AD, by not later than Friday, 26th January, 1979.

## USE YOUR A.I.B. TO ADVANCE

Our client, a young and fast expanding international clearing bank is seeking two ADVANCED OFFICERS for its city branch. These positions carry different status, the more senior position involving corporate lending propositions and the more junior involving personal and small lending loans.

These positions are interesting and varied providing scope for advancement to candidates at present in banking. For the more senior position you will need to be a qualified A.I.B. and are probably working at Assistant Manager level and have a good knowledge of loans administration and securities. For the more junior position you will need to be a grade III/IV banker with part or whole A.I.B. knowledge of securities and the ability to analyse balance sheets. The company offers all the usual banking benefits and a salary of up to £7,200 for the more senior position and £5,500 for the more junior one.

If you feel this could be the next step in your career please photocopy or write for an application form to Mrs A. S. Jones, Cripps & Associates, Bureau House, 88/89 High Holborn, London WC1 01-4045201. (Personal Consultancy).

**Cripps, Sears**

## Systems analysts International Bank

The International Banking Division Operations group of Morgan Guaranty has responsibility for several computer projects in Europe, one of which is the development of systems for the banks European Investment Operation based in London, Paris and Zurich.

The current system support for the Investment Operation includes Data General equipment in the London and Zurich offices as well as time sharing applications in London. It is planned to develop a real time securities trading system for the London office and to introduce an integrated system to handle portfolio management in both London and Zurich.

Two people are required to aid this development programme:

\* an analyst with experience in mainframe computers to assist in the design of the portfolio management system, initially in Zurich;

\* an analyst with an economics and/or statistics background and experience of using remote time sharing systems to provide computer support to Investment Research managers located in London. Suitably qualified graduates with an interest in time sharing applications will also be considered.

For both positions experience in the investment field would be advantageous while knowledge of a European language could be helpful.

Salary will be according to experience and fringe benefits include a low interest mortgage facility, profit sharing bonus, non-contributory pension, medical and life insurance plans.

Write with full career details, or telephone for an application form to Kathryn M. Riley, Morgan Guaranty Trust Company of New York, P.O. Box 161, 33 Lombard Street, London EC3P 3BH, Telephone 01-555 3111 extension 2747.

**Morgan Guaranty**  
Trust Company of New York

## INTERNATIONAL ACCOUNTANT (RECENTLY QUALIFIED)

West End

To £8,500 + benefits

Our client is one of the world's largest suppliers of business stationery. They operate primarily in Europe and the Far East and are expanding and diversifying their activities. They are now strengthening their finance team through the appointment of an accountant who, after training in the existing Head Office in Antwerp and in the U.K., will be based in London. He/she will have wide ranging responsibilities including financial analysis, consolidations and ensuring that accounting procedures are being complied with.

Candidates, qualified accountants in their mid to late 20s will have gained two-three years p.e. either within the profession or an industrial/commercial environment. They will have the ability to work under pressure and the maturity and confidence to make a successful contribution within a small, highly motivated team.

For further details and a personal history form please contact Neville Mills, A.C.I.S., or Howard Amos, B.A. quoting reference 2353.

**Douglas Lumb Associates Ltd.**

Accountancy & Management Recruitment Consultants, 410, Strand, London WC2R 0ES. Tel: 01-696 9901.

121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3107.

3, Colinton Place, Edinburgh EH10 2AA. Tel: 031-226 7744.



## Jonathan Wren - Banking Appointments



The personnel consultancy dealing exclusively with the banking profession

### BUSINESS DEVELOPMENT

c. £10,000

A well-established international bank in London wishes to recruit an additional Business Development Officer. Candidates, ideally in their late 20s or early 30s, should be experienced in the marketing of credit services to U.K. companies, and should preferably also have knowledge of international trading and commodity finance. The position offers an attractive negotiable salary, a comprehensive range of fringe benefits, and excellent prospects for career growth.

Contact: BRIAN GOOCH

### INVESTMENT ANALYST

c. £8,000 + benefits

Our client is a leading North American merchant bank, currently expanding its international investment involvement. The vacancy calls for an analyst with experience of continental investments, who has the ability to make clear investment recommendations. The successful candidate will work in a young team and therefore is likely to be in his or her 20s, will hold a good class university degree, and be able to work in at least one continental language.

Contact: DAVID GROVE

### ACCOUNTS OFFICER

c. £5,000

A North American bank and investment company is seeking a person, aged in his or her 20s, who is capable of producing balance sheets and profit/loss figures from trial balance. Salary is negotiable, and there are excellent fringe benefits and working conditions.

Contact: NORMA GIVEN

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

## N.M. Rothschild & Sons Limited Corporate Finance

We are currently recruiting for our Domestic Corporate Finance Division. We can offer you, as a member of a small professional team, further training and a widening of your experience in mergers, fund raising and other matters affecting corporate strategy and structure. You will meet at senior level executives of a wide range of companies, nationalised industries and government agencies. You should be aged 25-28, have a good degree, and in addition be a chartered accountant or have worked at least three years in the Corporate Finance Department of a bank or leading multi-national company. Remuneration will be highly competitive.

Applicants should write in the first instance to: The Personnel Director, N.M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU giving full details of their career to date.





# Banking

**Accounting** £6,500 to £9,000

Highly-respected international bank seeks two accounting officers: one an ACA to control financial planning and budgeting, the other a banker with experience of FX accounts, BIE returns and computerized systems.

**Credit Analysis** £6,000 to £10,000

Two experienced analysts, 25-30, are required by a leading international merchant bank. Successful candidates can expect to progress to Credit Officer status in the near future.

**Documentary Credits** £5,000 to £6,250

Expanding international bank seeks senior and junior documentary credits clerks to join its active Commercial Banking Department. Personal qualities are important as these positions involve considerable customer contact.

**Loans Administration** £5,000 to £7,000

A senior loans administration officer is required to head up a small department at an active international bank. A more junior position exists with a similar bank where scope for career development is excellent.

**F/X Administration** c. £5,000

U.S. bank requires an experienced FX administrator, 22-28, with a background encompassing instructions/settlements, foreign payments and general commercial business.

**Internal Audit** c. £6,000

Major international bank offers excellent prospects to candidates either with experience of internal audit/control or with a good general banking background supplemented by strong personal qualities and perhaps the AIB qualification.

Contact Tony Tucker or Tom Kollinsky in confidence on 01-248 3812

**NPA Recruitment Services Ltd**

## Data Processing Manager

c. £11,000 + bonus

Our client, the Scottish Widows Fund and Life Assurance Society, wish to recruit a Data Processing Manager to take charge of their existing integrated computer systems and to develop them in accordance with the needs of the Society and with the evolution of new systems and equipment. The successful candidate will have management experience in data processing involving the use of large database files employing random access techniques and processing by visual display units. With this background, he or she should desirably be used to working in a financial environment and be aged 40-45. Membership of the Institute of Actuaries, the Institute of Chartered Accountants or other appropriate professional body would be an advantage.

An initial salary in the region of £11,000 + bonus will be negotiated and a generous range of fringe benefits is offered. Promotion prospects for the right candidate are good in the short-term with the opportunity of earning further promotion to top management in a few years time.

Male or female candidates should write in confidence to C. Rich, or telephone for a personal history form (24 hour answering service) quoting reference R/98/2.

**The P-E Consulting Group** Appointments Division  
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948



SCOTTISH  
WIDOWS FUND  
AND LIFE ASSURANCE  
SOCIETY



## FINANCIAL CONTROLLER

S.E.1. FROM £8500

Our Client, a long established and highly respected member of the building industry, leading in their field, is looking to appoint an ambitious, qualified accountant to control all of the financial and administrative affairs of the Group.

Projected growth plans indicate a doubling turnover situation within two years and the position may suit a newly or recently qualified person who would like to make an important contribution to the continuing success of the business.

Reporting to the Managing Director, you will need a practical outlook and be prepared to make a long-term career commitment.

Success in this role, will lead to a Directorship within two years with lucrative profit participation prospects. Salary is negotiable and company car is provided, together with good benefits, ideal age range is 28-35.

Telephone applications should be made immediately to Alec Moore. Quoting Ref: 038215.

**DRAKE ACCOUNTING RECRUITMENT**  
Consultants, Ormond House,  
63 Queen Victoria Street,  
London EC4N 4JA,  
Tel: 01-248 3233.

Central London



up to £12,000

## HEAD OF FINANCE AND ADMINISTRATION

**The Client** Long established London solicitors of high standing, with 20 partners and over 140 staff, a varied general practice with substantial recent expansion.

**The Job** Responsibility for the finance, accounting and administrative functions. Particular emphasis will be placed on financial management and upgrading management information systems. This is a senior appointment and for the right person partner status is envisaged.

**The Candidate** A qualified accountant or Chartered Secretary with professional and/or commercial experience at a senior level.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Cameron, Executive Selection Division, at the address below. Please quote ref. C346 and include, if possible, a daytime telephone number at which you may be contacted.

**COOPERS & LYBRAND ASSOCIATES LTD.**

Management Consultants  
Shelley House, Noble Street, London, EC2V 7DQ

## Management Consultant

**Home Counties**

Our clients, a major British company operating in a tough, competitive environment, use internal management consultancy to support their diverse global activities and services. The existing team is being enlarged to meet the increased demands of work aimed at improving Company profitability and efficiency and providing a first-class customer service. Operating from a main base in the Home Counties, consultants report through senior management to the Board and are totally responsible for specific assignments from feasibility study through to implementation. Career progression is expected to lead to senior appointments within line management. A successful candidate, of either sex, will ideally be in the age range 33-38 and will

**Remuneration c£16,000**

possess a business degree or equivalent professional qualifications. Around 3-4 years' previous experience operating with an external management consultancy or within a large organisation is also required. Wide experience of applying a range of management disciplines and techniques is necessary. The remuneration package is commensurate with the demanding requirements of the post. In addition to a substantial basic salary, there is an excellent and wide-ranging fringe benefits package including the use of a company car. Total remuneration is worth c£16,000. Please send your curriculum vitae in strict confidence to P. G. Hyson at the address below or write for a personal history form quoting reference 292.

**Lunan**  
Management Selection Division

T. D. A. Lunan & Associates Ltd.  
1 Old Basinghoe Street, London W1X 1LA  
01-437 2515  
(24 hour live answering service).

## Management Auditor - International

London Based  
£9,000-£10,000  
+ tax benefits

The audit team carries out independent investigations of and special projects in the operating activities and financial accounting of a major and rapidly expanding U.S. company. Reporting to the Audit Manager in London, the senior accountant sought will, in general, concentrate on assisting management to make the best use of the company's assets.

The work in Europe will involve spending about 60% of the time away from home. It is an excellent opportunity to work in American accounting systems and should lead to early promotion in an audit or line position.

Candidates must have had at least 2 years' post-qualification experience in either commerce or the profession. A thorough knowledge of the audit of computer systems is essential and fluency in other European languages a distinct advantage.

Replies, which should include details of age, education, qualification and career and salary progression, will be acknowledged and forwarded direct to our client. Any company to which you do not wish to apply should be stated in a covering letter. Applications should quote reference 769/ET on both envelope and letter and should be addressed to A.C. Crompton.

**Deloitte Haskins + Sells**  
Management Consultants  
128 Queen Victoria Street, London EC4P 4JX

## Finance Managers Construction

£16,000-£20,000 negotiable

For an international company with wide overseas construction interests. Three qualified accountants are required with a successful record of achievement in the construction industry, capable of controlling the total financial, accounting and administrative functions of major projects, formulating business plans and advising management on funding and the financial

Middle East and West Africa aspects of contract negotiations. Wide experience in the establishment of site accounting systems and administrative systems is necessary. Overseas experience, preferably in the Middle East and Africa is essential. Renewable contracts are negotiable from 1-2 years and generous negotiable terms include accommodation and a car. These are career appointments.

Applications in confidence quoting ref: 6345 to Gerald Brown, Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801.

**Mervyn Hughes Group**  
Management Recruitment Consultants

**CASH REGISTERS**

£7,000 p.a. guaranteed for Area Manager Designate. Other benefits include 2,000 c.c. Estate Car, Commission, and full expenses. The Company requires applicants to be presently employed and fully conversant with the Cash Register field.

**OFFICE MANAGER**

£6,500 p.a. plus, for the right person for the position of office manager for firm of City Solicitors. Age 35-45.

**FIELD ENGINEER**

£6,000 + 1600 c.c. Car + Bonus + overtime and expenses, for electronic engineer with Avionics experience. All applicants must be educated to at least HND/HNC level. Aged 25-40.

For details of these and other senior appointments ring:  
Mr. Hugh Davidson at Drake Senior Appointments 405 0654 today.



**Drake Senior Appointments**  
A DIVISION OF DRAKE PERSONNEL LIMITED



Olympic Holidays Limited, Britain's leading tour operator to Greece, requires a CHIEF ACCOUNTANT, to be based in their London office, to join a dynamic team.

The position requires a qualified experienced Accountant with the managerial ability to be responsible for the total accounting function of the Company, preparation of management accounts and information, statutory accounts and liaison with our Athens office. The successful applicant will be directly responsible to the Finance Director.

This is a very demanding but rewarding position in an expanding company and opportunities exist for personal progress. The Company's accounting and operation systems are fully computerised, with annual turnover approximately £3m.

Salary will be negotiable c.£8,000 plus profit sharing scheme and fringe benefits, including generous travel concessions. This is a challenging position and demands top grade applicants from either the profession making their first move into commerce, or those with commercial experience seeking to further their career.

Please send full details to:  
Mr. W. E. Dyer, Finance Director,  
OLYMPIC HOLIDAYS LIMITED,  
24/28 Queensway,  
London WC2 3RX.

## Company Accountant

c. £8,000 + car South Midlands

Our client, part of a £40m. group, is a leading independent food processing company serving the wholesale trade. Success over the last ten years has meant continued expansion and consequently they now require an ambitious Accountant with practical commercial experience gained in high volume manufacturing industry to join their management team.

Reporting to the Managing Director the successful candidate will be responsible for the supervision and development of all their financial and management accounting functions including the implementation of a computerised system.

Holding a recognised accounting qualification and probably aged at least 28 the man or woman appointed to this senior and challenging position can expect a company car, pension scheme, free life assurance usual benefits and excellent career prospects.

Telephone Jonathan Baume 0865 723216 or write for application form to PER, 105 St. Aldates, Oxford.



Applications are welcome from both men and women.

## Gilt-Edge Portfolio Manager

LONDON - £10,000 plus.

A forward looking, innovative, banking organisation with extensive UK industrial and commercial connections offers a challenging appointment as a key member of the liquidity management team.

The successful candidate will be responsible for developing the existing well-established business of managing and

advising on clients' investments - which include monetary instruments, deposits, gilts and corporation stocks. Experience in short term gilts with an institutional investor or stockbrokers would be particularly relevant.

Please send full curriculum vitae to Box A6604 Financial Times, 10 Cannon Street, London EC4P 4BY



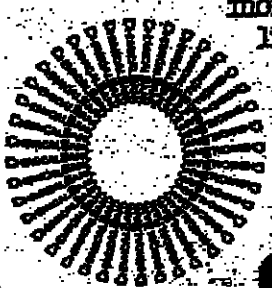
## Senior FX Dealer

Chemical Bank is looking for an experienced FX Spot Dealer to assist with its continued Treasury expansion programme.

The applicant should be aged between 24-35 with a minimum of 5 years' proven dealing experience.

An excellent salary with opportunities for promotion will be supported by a wide range of benefits, including low cost mortgage assistance, non-contributory pension, life assurance, free lunches, BUPA and profit sharing.

Applicants, male or female, should write giving educational and career details to date to: Barry Jinsley, Vice-President & Head of Treasury, Chemical Bank, 180 Strand, London WC2R 1LF.



**CHEMICAL BANK**

## PENSION FUND MANAGEMENT ANALYST/DEALER

The County Council is seeking to add a third member to the team responsible for investing its pension fund, which is worth £20 million and invested in U.K. and U.S. securities and property. Other facilities include a dataSTRADA terminal as well as an IBM computer. The ideal candidate will have a sound training as an analyst or in fund management, be generating original ideas and be ready to take on direct responsibility for implementing them. A degree or professional qualifications is desirable.

The Council's headquarters are set most attractively in Matlock, which is in the Peak District of Derbyshire. Generous removal and relocation expenses are payable and first-rate social and recreational facilities are available. Local government pension scheme with opportunities to transfer from private funds. Starting salary in the range £8,000 to £5,500 according to experience, on a scale rising to £12,500.

Requests for further particulars and application forms, returnable by 5 February, 1979, will be treated in confidence and should be addressed to:

The County Treasurer,  
Derbyshire County Council,  
PO Box 2, County Offices,  
MATLOCK, Derbyshire, DE4 3AH.

Telephone enquiries to:  
Peter Koney on Matlock (0429) 3411,  
extension 7898.



**DERBYSHIRE**  
County Council

## Finance and Administration Controller

London to £16,000

Our client is a major professional firm in central London employing 180 people. The Finance and Administration Controller will take responsibility for all the financial, administrative and personnel activities of the firm, and will propose and implement ideas which will result in more effective and profitable management. The person appointed will be supported directly by a staff of 25.

Candidates must be Chartered Accountants aged 35-50 who have experience of managing people and who have the ability and personality to represent the authority of the partners throughout the firm.

First-class benefits and conditions are provided.

Please reply in confidence, quoting Ref. U805/FT, giving concise personal and career details to D. E. Shellard — Executive Selection



Arthur Young Management Services  
Rolls House, 7 Rolls Buildings  
Fetter Lane, London EC4A 3NL

## Management Accountant

Surrey  
up to £10,000  
+ car + benefits

The company, a £12 million turnover, multi-factory subsidiary of a small quoted UK group, is in a profitable situation and is now poised for further expansion.

A Management Accountant is sought to strengthen the performance of the centre by improved costing, budgetary control and management information systems and to extend the use of computers.

Reporting to the Finance Director, the Management Accountant will be involved in decision making at all levels from shop floor to the board and will have to devote a significant amount of time to training members in the use of new management techniques.

The post requires a qualified and highly experienced Management Accountant who has had a successful track record in industry. The ideal age is probably around 35 or 40, which provides the necessary maturity, but gives plenty of time to fulfill the above responsibilities and to enjoy the rewards of longer term prospects as the business develops.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A.C. Crompton quoting reference 767 on both envelope and letter.

**Deloitte  
Haskins+Sells**  
Management Consultants

128 Queen Victoria Street, London EC4P 4JX

## Financial Director

Outer London  
c. £13,000 + Car

Our clients a brand leader in fast moving consumer goods are currently seeking a Financial Director.

The person appointed, preferably a C.A. or A.C.C.A., should have at least 4 years post-qualification professional experience in a qualified post dealing with complex public companies. Candidates should also have commercial experience with a strongly marketing and sales orientated organisation as they will be required to make a significant contribution to such an operation in this post.

He or she must also be fully familiar with integrated, functional as well as line, cost and accounting systems, and experience in a Price Commission investigation would be helpful.

In return our client offers a salary of at least £13,000 plus a car, non-contributory pension and other major benefits.

Interested applicants should write with full personal and career details, stating the companies to which you do not want details sent to: Position No. 186 Robert Marshall Advertising Limited, 30 Wellington Street, London WC2.

Robert Marshall Advertising Limited



## Corporate Treasurer

Chingford London c. £10,000 + car

LRC International, a major organisation in the home, health care and leisure markets, with a turnover of over £100m., is currently looking for a Corporate Treasurer.

The successful candidate will be a key member of a small team reporting to the Group Financial Controller and will have overall responsibility for the organisation's central cash management and control arrangements, including the maintenance of cash forecasting systems, optimisation of financing resources, monitoring of foreign currency transactions, debtor control, taxation matters, stock levels and corporate cash flow.

Applicants should be qualified accountants with relevant "Treasury" experience, preferably gained in a multi-national organisation. Whilst age is no barrier it is unlikely that candidates under 35 years of age will have the necessary qualifications or experience.

Conditions of employment are excellent and include a Company car, four weeks annual holiday and non-contributory life assurance and pension.

Applications please with full details should be sent in confidence to: Mr David Lloyd, Personnel Manager, Group Headquarters LRC International Limited, North Circular Road, Chingford, London E4 8DA.

**LRC** LRC International

## Potential Equity Sales Partner

Our client is a well-known Stock Exchange firm whose expertise in many fields enables them to provide a comprehensive service to private, institutional and other clients. One of their leading sales partners on the equity institutional desk is moving within the firm and an opening has therefore arisen for an individual of the highest calibre.

The successful applicant will be well-educated, aged 26-30, with a proven first-class track record in institutional equity broking or, possibly, fund management, and a sound working relationship with a research department.

The position, which offers an excellent remuneration package, will appeal to an ambitious person who now seeks the right opening with the right firm in order to become a partner.

For further information please contact P. J. Stephens, who will treat all enquiries in the very strictest confidence.

**Stephens Selection**  
35 Dover Street, London W1X 3RA. 01-493 0817  
Recruitment Consultants

## Divisional Director

to c. £20,000 + car

A major international engineering group with a dominant position in the market for its main product range requires a General Manager for its largest division which employs 1,500 + and has sales of over £20 million. The person appointed will be accountable for the direction of the division to achieve planned growth and retention of assets.

Candidates should have a record of successful general management in the engineering industry, including both manufacturing and marketing, and proven knowledge of the

key disciplines required. Applications giving full details of experience, qualifications and current earnings should be sent to PA Advertising quoting ref: A8712. REPLYES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

**PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

## SENIOR TAX ADVISER

London c. £9,500 + Car

Our client, a major multi-national group, is the dynamic market leader in its field. The international growth of the company over recent years has increased the scope and complexity of its tax affairs and consequently the group is now seeking to strengthen its highly skilled tax function. This handles the U.K., international and personal tax affairs and is concerned with consultancy and planning activities in addition to compliance work.

Applicants will probably be qualified accountants aged in their late twenties although experience gained in the Revenue could prove suitable. They should have broad tax experience, the ability to communicate with senior management and demonstrate the management potential which will enable them to progress within the group.

For more detailed information concerning this appointment and a personal history form, please contact Nigel V. Smith, A.C.A. quoting reference 2356.

Commercial/Industrial Division

Douglas Lombard Associates Ltd.  
Accountancy & Management Recruitment Consultants,  
410, Strand, London WC2R 0NE. Tel: 01-596 9601  
127, St. Vincent Street, Glasgow G2 6EW. Tel: 041-226 3101  
3, Colindale Avenue, London NW9 1JA. Tel: 01-422 2244



## Financial Public Relations Manager.

An experienced financial journalist is needed to handle and develop financial public relations at Harrison Cowley Public Relations in Bristol. Age range 28-40.

Negotiable salary and commission package, company car and usual fringe benefits.

Harrison Cowley Public Relations, Bristol, is the largest public relations consultancy outside London, and is part of the £16 million Harrison Cowley Advertising Group.

Telephone Philip Parkes on Bristol (0272) 211823 or write to: Harrison Cowley Public Relations, 35 Queen Square, Bristol BS1 4LU.

**Harrison Cowley Public Relations**

## Financial Controller

for J. John Masters & Company Ltd., a City based subsidiary of Wilkinson Match Limited with sales of approximately £10 million. The Company is primarily involved in the importation, marketing, selling and distribution of fast-moving, branded consumer products.

The Financial Controller will report to the Managing Director and will be responsible for all financing and accounting functions.

The candidate must be a qualified and commercially experienced accountant; a sound knowledge

of computer operations would be highly advantageous. Experience with importation, insurance, and secretarial functions desirable, together with proven administrative ability. Minimum age 30. A salary in the region of £11,000. Benefits, including a car, pension, life assurance and PPP.

Please apply in writing, giving details of your age, experience and career to date to:-

Group Personnel Manager,  
Wilkinson Match Limited, Langley  
Hall, Station Road, Langley,  
Slough, Berks. SL3 8BZ.



**Wilkinson Match**



## Senior Investment Executive

*Development Capital: 5 figure salary*

A leading City institution seeks a senior executive to head a small team dealing with investments in small/medium, quoted and unquoted companies.

The post will be responsible to the Director for the principal task of co-ordinating the activities of merchant banks engaged in day to day management of portfolios covering such investments. In addition, the successful candidate will control an in-house portfolio.

Candidates, men or women, must have a knowledge of investment appraisal techniques and familiarity with company and finance legislation, possibly gained in a previous industrial appointment. An accountancy qualification will be expected.

The post is located in the City and the salary is negotiable in five figures.

Please telephone (01-629 1844 at any time) or write - in confidence - in the first instance for a personal history form. R. L. H. Whitney ref. B.1132.

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## Managing Director

for HATTERSLEY NEWMAN HENDER LIMITED, Europe's leading valve manufacturer and a subsidiary of PEGLER-HATTERSLEY's Engineering and Valve Division. Employing 1,000 people on two sites (head office at Ormskirk in Lancashire), the company manufactures and sells a broad range of industrial valves at home and overseas. Sales are £20m. with healthy profits.

The new MD has the opportunity, created by major investment, to generate significant new business and to determine the company's markets and products for several years to come. Success will herald a bright personal future.

Candidates, probably in their early 40's and not necessarily engineers themselves, must be experienced general managers successfully running a self-contained and substantial unit manufacturing and selling industrial products.

Earnings around £15,000 plus excellent benefits.

Please send career details - in confidence - to D. A. Ravenscroft ref. B.25468.

*This appointment is open to men and women.*

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants  
Management Selection Limited  
474 Royal Exchange Manchester M2 7EJ

## A new Director for ISBA

The Incorporated Society of British Advertisers is looking for a new Director.

The ISBA is the Trade Association which represents the interests of British Advertisers to Agencies, Media, Government and official bodies in the UK, EEC and elsewhere.

It is a constituent part of the Advertising Association and works closely with other bodies connected with advertising, such as the IPA, CBI, ASA, ITCA and JCC.

The new Director must have ability and standing, and must be able to communicate easily and convincingly at all levels and maintain for ISBA a responsible and vigorous reputation; experience in marketing and advertising is essential.

The ideal candidate will probably be fortynish, but ability, not age, will be the main criterion.

A knowledge of languages, and especially French, will be an advantage.

Salary and Benefits will be commensurate with the importance of the appointment and standing of the applicant, and are open to discussion.

If you think you can lead ISBA into the 80's write, in complete confidence, to the address below, posting your application to arrive not later than 29 January 1979.

HR Darby Esq.  
Chairman of the Selection Committee  
c/o Van den Berghs & Jurgens Ltd  
Sussex House  
Burgess Hill  
West Sussex RH15 9AW

## Corporate Finance

*International Banking*

For the London-based merchant banking subsidiary of a major international banking group. Reporting to a Director the successful candidate will be responsible for the further development of the bank's corporate finance business dealing with the senior financial officers of North American corporations in the USA. Regular travel will be necessary and there are good prospects for advancement.

The ideal candidate is professionally qualified or a graduate aged 28 to 35 with significant experience in the areas of international corporate finance, and with some general knowledge of S.B.C. regulations, US private placements, etc.

Salary negotiable from £12,500 plus car, non-contributory pension, and the usual banking benefits.

Please write - in confidence - to J. M. Ward ref. B.41356.

*This appointment is open to men and women.*

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## General Manager

*Irish Life Building Society*

A key appointment with this new subsidiary of the Irish Life Assurance Company whose assets exceed £400m. The primary role is to develop the Society to viable and profitable maturity within the shortest practicable time scale.

Candidates, capable of meeting this challenge, should be able to demonstrate a proven record of top management success with an established building society, particularly in marketing. Age is open, though the range 40 to 60 is most likely.

Salary, which is for discussion, will not be a limiting factor and benefits are fully appropriate. Location Dublin.

Please write - in confidence - to H. W. J. Flannery ref. B.83160.

*This appointment is open to men and women.*

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants  
Management Selection Limited  
49 Upper Mount Street Dublin 2

## Schlesingers

Specialists in the management of private, institutional and pension funds.

## Investment Administration

Schlesingers is a rapidly expanding Investment Management Company and the Senior Investment Manager responsible for private client portfolios wishes to appoint an assistant.

The appointed applicant, aged between 20/25, will initially look after administrative aspects of the service. He or she will ultimately be able to develop an increasing involvement in investment management.

This position would suit a young graduate or professionally qualified person, or alternatively, someone who has had one or two years stock exchange experience with a broker or other financial institution.

The Company offers an excellent salary and a generous benefits package to the right candidate.

Please apply, enclosing a full curriculum vitae to:-

B. M. Bailey Esq.,  
SCHLESINGER INVESTMENT  
MANAGEMENT SERVICES LTD.,  
19 Hanover Square, London W1A 1DU.

## Retailing

*Board Opportunity*

A retail line manager with successful experience of multiple outlet development is sought for this new appointment in a £20m. turnover London-based retail group. The preferred age is early 30's to identify with a young and vigorous management team committed to planned growth.

As well as participating fully in general management as a director, specific accountability will be for leading and co-ordinating all business development activity. Responsibilities will include management and other staff resourcing, site acquisitions and property management, and overseeing management systems and services.

Starting salary: above £10,000 plus profit-related bonus, car and other benefits.

Please send brief details - in confidence - to W. A. Griffin ref. B.23525.

*This appointment is open to men and women.*

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## Group Financial Controller

*Independent Newspapers Limited*

This important appointment arises as a result of a recent top management re-organisation within the Independent Group of Companies. Current turnover is in excess of £30m. and some 1,500 people are employed.

Responsibility will be to the Group Chief Executive for the total financial affairs of the group with key tasks in the areas of management information, forecasting, funding and the provision of financial advice. Success can lead to an early directorship.

The requirement is for a chartered accountant with relevant and responsible senior level experience in a company noted for its financial function, and which has included close involvement in the decision-making process. Preferred age 30 to 45.

Salary is for discussion in five figures and benefits are fully appropriate. Location Dublin.

Please write - in confidence - to H. W. J. Flannery ref. B.83208.

*This appointment is open to men and women.*

**MSL**

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants  
Management Selection Limited  
49 Upper Mount Street Dublin 2

## MANAGEMENT RECRUITMENT LTD. SITE ACCOUNTANT

Neg. to £18,000 plus benefits  
SAUDI ARABIA

One of Riyadh's largest construction companies is recruiting ex-patriates for supervisory posts in their organisation. A vacancy exists for a Site Accountant to lead a team of local staff and to be responsible for payroll and supply control on sites.

Contracts are initially for one year but will probably be renewable. The person appointed will have appropriate experience and qualifications and will be prepared to live under bachelor status. Benefits include air fares, four weeks paid leave and medical attention.

Applications, quoting reference FMR/104, should be sent to Hugh Skinner at the address below. Alternatively telephone Charlotte Gray for an application form.

We would also like to receive general applications from qualified accountants for a variety of posts in both West Africa and the Middle East.

REGENCY HOUSE, 107 HAGLEY ROAD, EDBASTON, BIRMINGHAM B16 8LA. TEL: 021-454 3691.

## INSTITUTIONAL SALES

We are an expanding U.S. Investment Bank seeking to extend our activities in the International Bond Markets by adding an experienced Institutional Fixed Interest Securities Salesman to our established Eurobond operation.

The right candidate should be able to introduce business, and to originate further new business, based upon the support of a strong and creative dealing operation. He or she must be prepared to travel and should have a working knowledge of foreign languages. Salary will be negotiable and will give full consideration for experience and performance.

Please apply in confidence to: Box A-6608, Financial Times, 10, Cannon Street, EC4A 3DF.

## RESEARCH FELLOWSHIP INFLATION ACCOUNTING

The Social Science Research Council wishes to appoint a research fellow in inflation accounting in October 1979. Applications are invited from experienced accounting researchers to review the debate on inflation accounting and/or alternative approaches to measuring the economic performance of business enterprises under inflationary conditions. The appointment will be for two years and may be made at up to professional level.

Further details are available from Mike Brennan, SSRC, 1, Temple Avenue, London EC4Y 0BB. Telephone 01-353 5252, ext. 26. Closing date for receipt of applications is 14th February, 1979.

ACCOUNTS ASSISTANT experienced in management accounts, Bank of England Returns, foreign exchange accounts, etc. for EC2 bank. Salary £7,000.  
JUNIOR EUROBOND DEALERS, experienced settlements clerks considered for EC2 investment bank. Salary £5,500.  
ASSISTANT TO EUROBOND DEALERS, experienced in calculating maturities, general back up for EC2 securities. Salary £4,200.  
FOREIGN EXCHANGE CONTROL/SETTLEMENTS CLERKS for EC2 banks, experience necessary, age 20+, salary to £4,000 + excellent benefits.  
SECURITIES SETTLEMENTS CLERK for merchant bank, 1-2 years experience, age 20+, Salary £4,000.

## LJC BANKING APPOINTMENTS

283-9958/9



# Finance Director INMOS

Our Client is INMOS, the major new semiconductor company being set up in Britain to develop and manufacture memory circuits and microprocessors for worldwide markets. The company has substantial backing from the NEB, and the position offers a unique opportunity to participate in a development of national importance and high growth potential.

The Finance Director will be responsible for the establishment of the finance, secretarial and administration function on an international basis. Considerable emphasis will be placed on the development of controls, systems and policies, to cope with the rapid growth which is planned for the company.

Candidates must have relevant experience in the semiconductor and electronics industry, and be familiar with the control of high volume production and marketing activities. The company plans to make significant use of the latest computer based techniques, and experience in this area is important. A demonstrable track record of achievement at senior level is essential, together with evidence of a broadly based general management approach. Please write in complete confidence, quoting ref 1007, to Ian H D Odgers, Managing Director, who is advising on this appointment.

**Odgers**

MANAGEMENT CONSULTANTS  
Odgers and Co Ltd, One Old Bond St,  
London W1X 3TD 01-499 8811

## Young Qualified Accountant

Located in City of London c. £7,000 p.a.

A major group of timber and builders' merchant companies has a vacancy at head office for an assistant to the Financial Controller.

Responsibilities will include the production and monitoring of group management information, budgets, forecasts and annual financial accounts.

Brief applications, covering relevant personal and career details, should be made in writing to:-

The Financial Controller

The Sabah Timber Company Ltd.

1-4 Great Tower Street, London EC3R 5AB

## INTERNATIONAL FINANCE EXECUTIVES

U.K.

£10-12,000 + Car

Our Client is the International Division of Midland Bank.

In order to further the development of its corporate business, it is now seeking a small additional number of highly motivated International Finance Executives. They will be required to develop and extend the Bank's international business with major corporate clients in the U.K. and should be capable of negotiating currency facilities, together with other international financial services, at the highest corporate levels.

Ideally in their mid to late thirties, the successful candidates will have a good understanding of international banking and be able to demonstrate successful experience in the sale of financial services.

They must have confidence in their ability to negotiate directly with senior financial directors and be seeking to develop their careers as effective international bankers in a diversified banking group.

The posts are both challenging and stimulating and present excellent opportunities for substantial progress for successful candidates.

At a later stage of development there may be opportunities to work in overseas financial centres. Fluency in one or more foreign languages would therefore be an advantage, although not an absolute necessity for career advancement.

In addition to salary, the posts carry the related benefits associated with a progressive bank.

**M.H.**

Applicants should write, providing concise personal and career details, to: C.A. Cotton, M.H. Consultants Ltd., Park House, 22-26 Great Smith Street, London SW1P 3BU.

**M.H. Consulting Group of Companies**

## CHIEF ACCOUNTANT

Chief Accountant required by a Group of Private Companies in Essex engaged in the wholesale and retail meat trade.

This post involves the preparation of monthly management accounts and annual accounts, together with the supervision of all accounting and related administration functions. The commencing salary envisaged is circa £7,500 p.a. A company car will be provided and there will be participation in the Company Pension Scheme after a probationary period.

Please write with full personal details and C.V. to C. H. C. Rumford Chambers, 33, Market Place, Romford, Essex, RM1 3AB, reference P.M.

## CONTAINERS Development and Marketing-from £10,000

A commercial problem solver of management calibre for a new operation to develop new uses/types of containers and to market specialised containers to the shipping and other industries.

An international salesman at heart, you appreciate the design and practical engineering aspects of container use and manufacture. Your commercial negotiating skill must cover the legal, technical, financial and transport dimensions involved in leasing or occasionally buying and selling containers worldwide. Perhaps from a leasing or engineering background, candidates are ideally 28-40, ready to travel, qualified to HND level and have a second European language. London based growth company. Useful benefits include car.

Please write in confidence, with full career and personal details and quoting reference 1663/ALD/FT to:

**Robert Lee International**

24 BERKELEY SQUARE, LONDON W1X 6AR.

## Works Director

£12,000 + car + benefits

We are a well known progressive company whose office products are sold worldwide. Our manufacturing activity is spread throughout the UK and each plant operates as an independent unit supported by a full range of production services including Production Engineering, Purchasing, Finance, Industrial Engineering and Personnel.

Our largest manufacturing operation based in South East England has an opening for a Works Director. We are looking for a seasoned manufacturing professional with a proven track record. We place particular emphasis on man-management and organisational skills. The plant which is totally Unionised is embarking on its largest ever capital investment programme and presents a significant challenge in maintaining cost effective output in a period of change.

As a company our sights are set firmly on growth and excellent career prospects exist, in fact this position has in the past proved to be a stepping-stone to general management.

Anticipated annual earnings in the form of basic salary and bonus earnings are £12,000 and a full range of benefits includes a quality car plus generous pension, life assurance and BUPA benefits.

Ref: W4904/FT

Replies will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope.

**PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-335 6060 Telex: 27874



A member of PA International

## ASSISTANT GROUP ACCOUNTANT/SECRETARY

SALARY £8,000 pa;

Central London

A successful public group of engineering companies with a turnover in excess of £20m, managed by professional managers, requires an Assistant Group Accountant/Secretary. He/she will be responsible for the central accounting activity and will work with the Group Financial Controller on corporate financial matters. In addition he/she will be responsible for providing an administrative service covering all aspects of the secretarial function for a public group of companies.

Applicants should possess an accounting qualification. A secretarial qualification would be an added advantage.

Please reply, in confidence, to The Company Secretary, Box A.6607, Financial Times, 10, Cannon Street, EC4P 4BY, enclosing a full curriculum vitae.

## Financial Controllers

Hertfordshire

to £10,000 + car

An unusually attractive opportunity for career development is offered by a large, rapidly expanding division of a nationally important engineering group.

Recent promotions have given rise to two senior vacancies for qualified accountants. Apart from excellent career prospects, the company offers an attractive compensation package and a pleasant but stimulating working environment.

**FINANCIAL CONTROLLER (Accounts)**

To control the division's large financial accounting function. Must be a qualified accountant (preferably CA), early 30's with experience of staff control and up-to-date computerized accounting systems in large companies. Intellectual and personal qualities will be as important as technical competence. (Ref. 3352/1/L).

**FINANCIAL CONTROLLER (Contracts)**

To control the division's contract accounting function. This involves close liaison with senior technical and commercial executives in the UK and overseas, from negotiation stage through to contract completion. Must be a qualified accountant (not necessarily CA) with several years' appropriate experience in a complex industrial environment, including some overseas experience. Probable age range 32-47. (Ref. 3352/2/L).

For an application form, write in confidence, showing how you meet the specifications and quoting the appropriate reference, to M. J. H. Conery,



Peat, Marwick, Mitchell & Co.,  
Management Consultants,  
Executive Selection Division,  
168 Queen Victoria Street,  
Blackfriars, London, EC4V 3PD.

## ROYAL BANK LEASING LIMITED

The above company which is a wholly owned subsidiary of The Royal Bank of Scotland Limited, requires another Assistant Manager to help handle the rapidly increasing business in the leasing field.

The duties would include negotiation of new leasing business with prospective customers; calculation of lease rentals and supervision of legal documentation. Experience with individual transactions of £50,000 and over would be advantageous.

A background in finance, with particular reference to leasing, is essential.

Salary negotiable. Fringe benefits include non-contributory Pension Scheme and attractive Staff House Purchase Scheme.

Applications stating age, qualifications and previous experience should be made in writing to:-

The Staff Manager  
The Royal Bank of Scotland Limited  
PO Box 31  
42 St Andrew Square  
EDINBURGH  
EH2 2YE



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## SENIOR FINANCIAL EDITOR

to lead team producing five publications on corporate finance, accounting and currency movements. Must have considerable experience in these areas either in banking or journalism. This is a challenging position which offers considerable freedom and scope for initiative within the existing publications and for new publications. You will also be involved in setting up conferences and seminars.

Age range preferred: 26-40.  
Salary: to £12,000 plus car plus bonus.

Write with curriculum vitae to: Irvine Laidlaw, Institute for International Research, 70 Warren Street, London, W1.

## COMMERCIAL LENDING OFFICER

Clearing Banker with sound experience of commercial lending and small business finance required for a middle management appointment at the Regional Head Office of a domestic banking organisation. He/she will be involved in the development of the lending aspect of branch banking and will work with Senior Management who are directly responsible to the Board.

Applicants will be professionally qualified, fully conversant with the needs of small businesses as well as limited liability companies, and have a proven aptitude for assessing lending propositions. He/she will also show a flair for communication and organisation and may be required to write training manuals detailing facilities, procedures and security documents.

Applicants under the age of 30 are unlikely to have the necessary experience.

Salary range: £7,500 to £9,100 p.a. plus Large Town Allowance, mortgage interest subsidy and non-contributory pension scheme. Approved relocation expenses will be paid. Applicants will be required to pass a medical examination. Applications should be supported by the names and addresses of at least two referees, marked Private and Confidential, and addressed to:-

The Assistant General Manager (Personnel)

T.S.B. North West  
St. James's Buildings  
Oxford Street  
Manchester M60 2EB

## ASSISTANT COMPANY SECRETARY

The British Investment Trust Limited, a major investment trust located in Edinburgh, requires a Chartered Accountant, aged under 30 years, preferably with two years post-qualifying experience. An interest in investment Trust administration, taxation and Company Secretarial duties generally are essential and experience of property companies an advantage. A competitive salary will be offered, with an excellent pension scheme and working conditions.

Please apply in writing giving details of age, education and professional experience to:

Company Secretary,  
The British Investment Trust Limited,  
46 Castle Street,  
Edinburgh EH2 3BR.

## Accountant

We are a leading international composite insurance company and have opportunities for qualified or nearly qualified accountants who are able to work using their own initiative.

Based in London, but with the possibility of some overseas travel, the work will be project orientated and the vacancies arise in these particular areas:

- \* Financial investigations and corporate finance assignments;
- \* Investigation and implementation of accounting and Management information systems, including the use of data processing and time-sharing facilities;
- \* The preparation and assessment of organisation and operational studies.

Starting salary will depend on qualifications and experience, but it is likely to be between £8,000 and £7,500 per annum.

The company offers excellent conditions, including subsidised mortgage facilities, free lunches and a first class pension scheme.

Please write with full details to:

J. N. C. Benstead,  
Commercial Union Assurance Company Ltd.,  
Leadenhall House, P.O. Box 93,  
100 Leadenhall Street,  
London EC3P 3HD.



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# Foreign Exchange Consultancy

Our Client, a major international financial institution, is seeking two new consultants to join their young and highly successful foreign exchange advisory team.

The work is wide ranging and entails providing a professional consulting service to major UK and Scandinavian based international companies in the areas of foreign exchange and international economics and finance.

Relevant experience could have been gained in a commercial or financial organisation in a foreign exchange, economics or treasury role. He or she will be confident, highly articulate and literate, educated to graduate or post graduate level and have well developed social and interpersonal skills.

Salary £8-£9,000, or higher, plus benefits including mortgage assistance, a non contributory pension scheme, free lunches, BUPA and profit sharing. Location Central London.

Write to or call David Thompson, in complete confidence, who is advising on the appointments.

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London W1X 3TD 01-499 8811

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The company is a large British multi-national with a turnover well in excess of £1,000m from its worldwide commercial and industrial operations.

The post carries the responsibility for tax planning, tax compliance, the provision of tax advice to corporate and divisional management, and related exchange control matters.

It demands a positive and creative approach, especially to business structure planning where there is scope to contribute significantly to profitability and cash flow.

It requires high-level experience in the management of a taxation department (ideally with international involvement) which may have been gained in a substantial corporation, a major professional firm, or the Inland Revenue. Age - not less than 35.

Central London location. Some overseas travel is involved. The salary bracket is flexible. Please write (male or female), in strict confidence with full details, quoting 730/FT, to Philip Smith:-

**Philip Smith**

Manpower Consultants  
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**Phillips & Carpenter**  
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SOPHIE CLEGG or RICHARD MEREDITH

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

# Management Accountant

We are a packaging/film manufacturing company based in a pleasant Lincolnshire market town and are seeking a management accountant responsible to the company secretary/chief accountant who is retiring in 2 years.

We are looking for a qualified candidate, with adequate post qualifying experience in a manufacturing organisation, who will initially be responsible for the setting up of monthly departmental cost systems to reconcile with financial accounts via a NCR Century 150.

Dependent upon qualifications, experience and successful discharge of initial responsibilities the successful applicant would be a strong candidate for succession to the post of Company Secretary/Group Chief Accountant.

Minimum commencing salary £7,000 p.a. plus company car, non-contributory life assurance and contributory pension scheme. Assistance with relocation expenses.

All applications (typed or legibly hand-written) giving personal and career details will be acknowledged and treated in the strictest confidence. Please quote this advertisement.

The Company Secretary  
C. K. ADDISON & COMPANY LIMITED  
Brackenborough Road  
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# COMMERCIAL LAWYER

A successful and expanding London-based International Merchant Bank requires a Commercial Lawyer to head its Legal Department.

This is a Senior Executive appointment which will suit a lawyer with imagination and a flair for commerce. The successful applicant will have a professional background and a thorough understanding of mergers, acquisitions and corporate reorganisations, Stock Exchange and Exchange Control regulations, general company and banking law and corporate lending. Some tax and/or shipping experience would be an advantage.

The appointee's primary responsibilities will be to advise the bank's Corporate Services department and to help structure deals and transactions. He or she will also be required to recruit a legal assistant for drafting and litigation work.

This appointment offers an exciting opportunity for the right person, with generous salary and a comprehensive range of benefits.

Please reply, in confidence, to:  
Box A6612, Financial Times  
10 Cannon Street, EC4P 4BY

Our client, based close to London is part of an international group. They are at present undergoing a new phase of expansion and are looking for a

# YOUNG ACCOUNTANT

with enthusiasm and ambition to fill a vacancy that could lead to a board appointment within a few years. The position which involves a variety of assignments calls for candidates with a recognised qualification. Knowledge of a computerised system is essential as the successful applicant will be associated with the development of such.

Salary is negotiable but those at present earning less than £8,500 are unlikely to have the required background. If you have the necessary experience and can prove that you are capable of obtaining rapid promotion we would like to hear from you.

Please write quoting Ref. PB314, enclosing full C.V. and details of your present salary to:  
WALTER JUDD LTD.,  
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Tel: 01-236 4541

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Apply in writing to Box A6611  
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# Financial Controller

We are a successful and growing private company which imports, distributes and retails fast moving consumer goods. The financial controller we are looking for will be able to devise, implement and develop a modern system of management accounting and financial control data for the board.

Candidates must be Chartered Accountants, preferably with experience in a commercial environment. The company is currently based in London but is moving to Guildford. Travel in the UK and abroad is involved. Salary will be by negotiation with the successful applicant. Additional benefits will include a company car, profit sharing and a board appointment after a suitable time.

Please reply giving full details of career to date to:  
The Managing Director, Box A6613  
Financial Times, 10 Cannon Street, EC4P 4BY

# CHIEF ACCOUNTANT

£8,000 + Fringe Benefits

Required by fast expanding importer and distributor of domestic and light industrial textile machinery. Applicants should be qualified accountants, preferred age 30+. Responsible for producing monthly management accounts to a tight schedule. Experience in currency transactions and importing procedures would be an advantage. Excellent prospects for the right person. Letters, marked Private and Confidential, to:

Mr. I. A. Groom, Managing Director,  
Knitmaster Group UK Limited,  
30/40 Elcho Street, London SW11.

# EXPORT FINANCE

ASSISTANT CONTRACT NEGOTIATOR

Our client is a leading merchant bank. We are seeking a person experienced in Administration and Documentation of International Export Loans, including E.C.G.D. procedures and contracts. This knowledge may have been gained in a bank, confirming house, or manufacturer. Age ideally 25-30; good salary and fringe benefits.

Please telephone Peter Latham 623 1266  
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The Job. To assist in the preparation and interpretation of group management accounts. To play a major part in appraising the performance of operating companies with a view to improving profitability and D.P. based management information systems.

The Candidate. A qualified accountant with management accounting experience in a group or line position. Prospects for promotion either at group H.Q. or into an operating subsidiary are good. Initial salary of around £8,500 plus car and other attractive fringe benefits.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to R. J. Robins, Executive Selection Division at the address below. Please quote reference RFB33 and include, if possible, a daytime telephone number at which you may be contacted.

**COOPERS & LYBRAND ASSOCIATES LTD**

Management Consultants  
Shelley House, Noble Street, London, EC2V 7DQ

# Merchant Banker for Australia

Hill Samuel Australia Limited, one of Australia's leading merchant banks, wishes to appoint a Senior Executive to join its Corporate Services Department in Melbourne. The principal responsibility will be to advise clients at a senior level on the full range of banking and investment banking activities. This will necessitate the applicant having a highly developed ability to communicate.

Applicants must have several years of experience in finance, preferably in the corporate finance department of a merchant bank and must be able to demonstrate initiative, sound commercial judgement and a high degree of analytical ability. The right person

will probably be 26 to 35 years of age, will be a graduate or full member of a professional society and, preferably, will have gained a post graduate qualification such as an MBA.

An attractive remuneration package will be negotiated and all reasonable removal expenses will be paid for by the Company.

Initial interviews will be conducted in London. Applicants should send full details as soon as possible to:

R. C. G. Gardner,  
Chief Personnel Officer,  
Hill Samuel & Co. Limited,  
100 Wood Street,  
London EC2P 2AJ



# Merchant Bank Foreign Securities and Currency Settlements

Robert Fleming have clerical vacancies in their Securities and Settlement Departments. Applicants should be preferably under 25 and educated to 'O' level standard.

These jobs offer good prospects as the bank is expanding. Attractive salaries will be offered, with various fringe benefits to include mortgage assistance in due course.

Apply to Mr. R. Ridge, Head of Securities,  
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Tel: 01-638 5858.

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Age 28-35  
A well-established and thriving International Bank with plans for significant expansion in 1979, seeks to appoint an experienced Banker to the above position. A comprehensive Banking background together with a minimum of 5 years' Audit work is essential for this post, which involves complete procedural Audits, Investigations and Management Reporting. Salary is fully negotiable, and a complete range of benefits is also offered. Please telephone Rod Jordan (General Manager)

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Age 26-30 £10,000+  
Leading European Bank seeks Senior Dealer with broad experience of Deposits, Exchanges and Sterling, from good name Institution. Very active Dealing Room, so flexible, approach important. Negotiable salary, plus top class fringe benefits. Please telephone Brian Durham

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Age 25-30 £6,000+  
U.S. Bank requires Banker with experience of all aspects of Eurocurrency Admin. to join active and expanding Department. The ideal Candidate will be capable of supervising staff, and early appointment to Office status is envisaged. Please telephone Mark Stevens

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SWEDISH TRADE COMMISSION,  
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Tel: 01-935 7601 Telex: 22628

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Michael Bretherton, Director

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Write: Managing Director, Box G.3185 Financial Times, 10 Cannon Street, EC4P 4BY.

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for a Substantial Organisation to take over a helicopter distributorship for the United Kingdom and Channel Islands. An investment of approximately £120,000 is required to operate in the helicopter business which has considerable scope for development. Write: Box G.3189, Financial Times, 10, Cannon Street, EC4P 4BY.

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is seeking United States, Mexico and various South American countries. Intending to depart on 4th February and would be prepared to undertake assignments of a commercial nature. Extensive hydrocarbon exploration and production experience. Please telephone Alex MacDonald, Welton-on-Thames 43056 or telex: 28804, ref. 2963.

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## LOOK

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3 FLOORS IN CENTRAL LONDON. Low Rent and very long lease. Use as Office or Workrooms. Price £18,000 o.n.e. Write: Box G.3200, Financial Times, 10, Cannon Street, EC4P 4BY.

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### MANAGING DIRECTOR

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### WANTED

20,000 SQ. FT. FREEHOLD WOODWORKING MANUFACTURING SPACE IN SOUTHERN ENGLAND with or without Furniture Production Line. Repairs with details to Box G.3204, Financial Times, 10, Cannon Street, EC4P 4BY.

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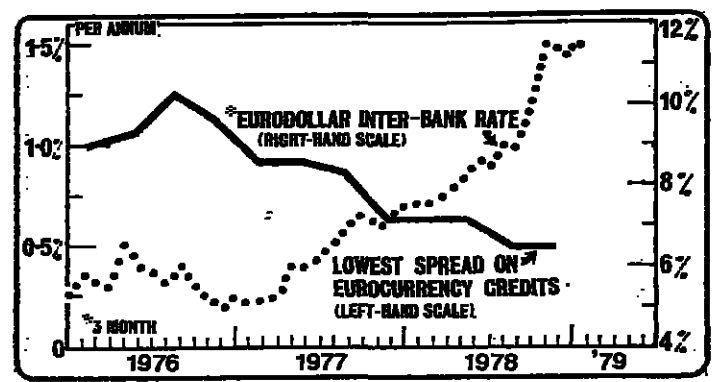


# Too many join the game

BY NICHOLAS COLCHESTER

FEWER AND fewer people are talking about rates of interest; today, in the business of raising money, the spread is the thing. The "spread" is the margin above the going rate which the borrower pays for his syndicated loan. Such loans now account for the bulk of cash borrowed on the international capital market. It has become unfashionable, and expensive to pin down money for ten years at a fixed price. Today's long term borrower pays the market rate, changed every six months, plus as small a "spread" as he can get away with.

These spreads have been under pressure for more than two years. So widespread has discussion of this phenomenon become that it has led to a curious illusion that euro-currency loans are becoming cheaper. A growing number of



people are of the opinion that the cost of borrowing is falling because the banking market is awash with liquidity. The cost of money is, of course, the interbank rate. This is currently moving upwards past 11 1/2 per cent in a manner market that is "awash." Happily for the banker, today's borrower agrees to pay the going rate for dollars, whether scarce or plentiful. The spread, in contrast, is a banking fee, determined by competition in the market for banking services. It is thus affected only indirectly by money market conditions.

The chart shows how the cost of borrowed dollars and the cost of the banker's remuneration on a syndicated loan have been moving in opposite directions over the last two years. The interbank rate equates the international supply and demand for dollars, under the substantial influence of the Fed. The spread reflects the growing number of banks attempting to mediate between the two.

### TV/Radio

+ Indicates programme in black and white

#### BBC 1

9.41 am For Schools, Colleges.  
12.45 pm News. 1.00 Pebble Mill.  
1.45 Ragtime. 2.00 You and Me.  
2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School.  
4.50 Don and Kate. 4.55 Jackanory. 4.40 The Space Sentinels. 5.00 John Craven's

#### BBC 2

11.00 am Play School.  
1.10 Open University.  
1.55 News On 2 Headlines.  
1.55 Charlie Chaplin in "Easy Street".  
6.10 In The Making.  
6.30 Indoor Bowls.  
6.55 When The Boat Comes In.  
7.45 News Evening News.  
7.50 Newsweek Cinema: "Beat the Devil" starring Humphrey Bogart.  
10.00 Don't Forget to Write!  
10.50 Accident.  
11.40 Late News.  
11.55 Closedown (reading).

### F.T. CROSSWORD PUZZLE No. 3,874

1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

- #### ACROSS
- 1 Political capital musketeer makes of capital quality (6)
  - 2 Beef at league leaders? (7)
  - 3 Exaggerated by superior persuaded to talk (9)
  - 4 Sticky doctor accepts right offer (8)
  - 5 One acquiring a taste for embroidery (7)
  - 6 Evil influence of protest rally on northern railway (7)
  - 7 Links organised campaign with transmission system (5, 3)
  - 8 Deposited pound when on assistance (4)
  - 9 Part of square naturally used to stage action (5)
  - 10 Enclosure a long time out of commission (8)
  - 11 Allowance a student finds sensible (8)
  - 12 Forbidden to put label twice round (5)
  - 13 Promise to pay back school (7)
  - 14 Paper welcoming celebrity needs to watch flashing line (6, 4)
  - 15 Carry mine to a beastly 13 ac (4, 3)
  - 16 He entrances Megan at disturbance (7)
  - 17 Put in order as it came back perished (6)
  - 18 Continue performing in current stage production (4, 2)
- #### DOWN
- 1 Trespass gets cook in hot water (5)
  - 2 Beef at league leaders? (7)
  - 3 Exaggerated by superior persuaded to talk (9)
  - 4 Sticky doctor accepts right offer (8)
  - 5 One acquiring a taste for embroidery (7)
  - 6 Evil influence of protest rally on northern railway (7)
  - 7 Links organised campaign with transmission system (5, 3)
  - 8 Deposited pound when on assistance (4)
  - 9 Part of square naturally used to stage action (5)
  - 10 Enclosure a long time out of commission (8)
  - 11 Allowance a student finds sensible (8)
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  - 16 He entrances Megan at disturbance (7)
  - 17 Put in order as it came back perished (6)
  - 18 Continue performing in current stage production (4, 2)

# EEC confronts UK over the tachograph

THE LORRY strike is hardly the best background music to the "spy in the cab" case which the EEC Commission brought against the UK and on which Mr. Advocate General Henri Mayras will present his Opinion to the European Court today.

Although I have sometimes had to confess to doubts about the wisdom of the Commission's actions, I hasten to say that I appreciate its current attempt to make roads safer.

The Commission started by harmonising national rules on minimum ages for drivers, the composition of crews, the length of driving periods and daily and weekly rest periods. A council regulation of 1969 required drivers to keep individual control books and these were to be replaced according to regulation 1463 of 1970 by a tachograph. With effect from January 1, 1975, member governments were required to make it compulsory to install a tachograph in vehicles registered for the first time after that date and in all vehicles used for the carriage of dangerous goods irrespective of their date of registration.

However, the introduction of the tachograph met with the strong opposition of British lorry drivers, and the British Government had to inform the Commission that a compulsory introduction of tachographs in the UK would be neither practical nor politic. Instead it enacted the Passenger and Goods Vehicles (Recording

Equipment) Regulations 1977 which provide for a voluntary scheme applying to both national and international traffic, though operators whose vehicles cross the channel are compelled to install tachographs by rules in force in other member states of the Community.

The Commission said that this was not enough and, when it could obtain no better results in direct negotiations, referred the matter to the European Court on June 3, 1978 asking the court to declare that the UK had failed to fulfil its obligations under the Treaty.

The Commission has brought such complaints against other members of the community before but the present case (No. 128/78) is of great general importance because of the defence put forward by the UK.

The Commission has in the past succeeded in extending its powers by reference to the introductory articles of the EEC treaty which state the aims of the Community in broad and vague terms. However UK government lawyers were quick to grasp that this weapon could also be used by a member government. The UK asked the court to refrain from making a declaration because to do so would not promote the aims of the Community and could well defeat the objectives of Article 2 of the Treaty which requires that competition should not be distorted.

The UK Government pleaded

## BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

The case No. 136/78 is that of Dr. Vincent Auer, of Austrian origin, who holds the degree of Doctor of Veterinary Medicine obtained in 1956 at the University of Parma in Italy. Since 1968 he has practised veterinary medicine in Mulhouse in France where he obtained citizenship in 1961. In November 1962, however, the French Government adopted a decree which provides that veterinary surgeons who have acquired French nationality and hold a foreign degree can be authorised to practise in France only if their degree is recognised as equivalent to a French one.

Dr. Auer made numerous applications after 1962 for authorisation to practise in France but these were all rejected primarily on the grounds that his Italian degree is not recognised by the French Examining Committee as equivalent to a French degree.

The reasons for the non-recognition of the Italian degree were, according to the French Government, that parasitology and microbiology are only optional subjects in Italy and that pharmacy is not even taught there. To this Dr. Auer retorted that he had passed an examination in parasitology at Lyons University and had read microbiology and pharmacology at Parma.

It appears that Dr. Auer persisted in practising his profession without authorisation as he was sentenced in Mulhouse to four months' imprisonment, suspended, and ordered to pay FF10,000 to each of the two organisations of French veterinary surgeons which took part in his prosecution as "parties civiles".

Both Dr. Auer and the two French veterinary organisations appealed — the latter because they wanted to have Dr. Auer's surgery closed and his professional equipment and stock of vaccines confiscated. The Court of Appeal referred the case to the European Court, asking whether Dr. Auer's practice in France was not regulated by Articles 52 and 57 of the Treaty of Rome which provide for freedom of establishment in the EEC.

Mr. Advocate General Jean-Pierre Warner, in his opinion given in December, rejected the French Government's argument that the case did not come under the provisions of the EEC Treaty as Dr. Auer was a

French national. The Treaty he said, prohibits discrimination by a member state against its own nationals as much as against nationals of other member states. He also rejected Dr. Auer's claim that his experience and not only his degree should be taken into account.

The European Court had held in 1972 in the Tieffery case (ECR 763) that when dealing with an application for admission to practice national authorities should make a serious assessment of the facts as would enable them to say whether a university degree constituted evidence of a professional qualification. From this Mr. Warner deduced that the national authorities could not deny a Community citizen his right of establishment on the simple ground that his foreign diploma was in general not recognised as equivalent to domestic diplomas. He proposed that the court should make this even clearer by ruling that no citizen of an EEC country should be precluded from practising his profession in another member State unless it appeared from the facts that his own qualifications were substantially less than equivalent to the degrees required in that country.

Should the Court adopt this recommendation, the freedom to practice professions throughout Western Europe would revert much closer to that which existed 300 years ago, yet with similarly beneficial effects.

## Lorna Vincent and Stalbridge Belle look likely to win

LORNA VINCENT, enjoying notable success in the south and firmly established as the leading woman jockey under National Hunt rules, looks to have a bright chance of adding to her tally at Newton Abbot this afternoon.

She could do so in the opener, Division 1 of the Chelston Novices' Hurdle, in which she partners the course winner, Stalbridge Belle. On Boxing Day in a field of novices, Stalbridge Belle had a length victory over Lakridge, to whom she was conceding 3 lbs.

Although the time for the race was a disappointing one, the mare's performance in giving weight and a beating to Lakridge in testing conditions was undoubtedly a useful one.

I take her to follow it with a clear-cut success over Hopeful Courage, to whom she will be conceding the best part of a stone.

A second possible winner for Stalbridge Belle's rider, and trainer Les Kennard, is the 10-year-old gelding, the one-and-a-half-length conqueror here of Suncharmer in the South Devon Hurdle, who then followed up at Chepstow.

With Hidden Talent and Pucka Fella absentees, Thingummy looks capable of making it a hat-trick.

There is no more difficult event on the card from a betting point of view than the three-and-a-quarter-mile Ellacombe Chase. A chance can be given to almost all the 12 runners.

Two who strike me as win and place prospects are Lucky Victory and Jimmy Miff, both of whom are previous winners over the course and distance.

The 10-year-old Lucky Victory ran an encouraging race on his

### RACING

BY DOMINIC WIGAN

Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddidi. 11.45 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.45 Thursday Night. 11.45 News and Weather for Scotland.

Northern Ireland—11.40-11.50 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight on Northern Ireland Affairs. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

### BBC 2

11.00 am Play School.  
1.10 Open University.  
1.55 News On 2 Headlines.  
1.55 Charlie Chaplin in "Easy Street".  
6.10 In The Making.  
6.30 Indoor Bowls.  
6.55 When The Boat Comes In.  
7.45 News Evening News.  
7.50 Newsweek Cinema: "Beat the Devil" starring Humphrey Bogart.  
10.00 Don't Forget to Write!  
10.50 Accident.  
11.40 Late News.  
11.55 Closedown (reading).

### Radio Wavelengths

1 102.5kHz/25m	3 121.5kHz/20m
2 103.5kHz/25m	4 122.5kHz/20m

#### RADIO 1

(S) Stereophonic broadcast  
5.00 am Radio 2. 5.20 News. 5.30 Simon Bates. 6.00 pm Tony Blackburn. 6.30 Newsbeat. 6.45 Kid Jensen. 7.00-7.30 am John Peel (S). 12.00-2.02 am Radio 2.

#### RADIO 2

5.00 am News Summary. 5.02 David Allen (S). 7.22 Ray Moore (S). 8.45 Pauline Hinton. 10.02 Jimmy Young (S). 12.16 pm Margaret Walters. 12.30 News. 1.00-1.30 am John Peel (S). 2.30 Country Club. 3.02 Folkways (S). 3.55 Sports Desk. 10.02 The Peter Goodridge Show. 10.30 Star Sound Extra. 11.02 Brian Matthew. 12.00 News. 2.00-2.02 am News Summary.

#### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 9.06 The Week's Composer: Berwald (S). 10.06 Harrogate Festival 1978 (S). 10.55 News. 11.00 News. 11.05 News. 11.10 News. 11.15 News. 11.20 News. 11.25 News. 11.30 News. 11.35 News. 11.40 News. 11.45 News. 11.50 News. 11.55 News. 12.00 News. 12.05 News. 12.10 News. 12.15 News. 12.20 News. 12.25 News. 12.30 News. 12.35 News. 12.40 News. 12.45 News. 12.50 News. 12.55 News. 1.00 News. 1.05 News. 1.10 News. 1.15 News. 1.20 News. 1.25 News. 1.30 News. 1.35 News. 1.40 News. 1.45 News. 1.50 News. 1.55 News. 2.00 News. 2.05 News. 2.10 News. 2.15 News. 2.20 News. 2.25 News. 2.30 News. 2.35 News. 2.40 News. 2.45 News. 2.50 News. 2.55 News. 3.00 News. 3.05 News. 3.10 News. 3.15 News. 3.20 News. 3.25 News. 3.30 News. 3.35 News. 3.40 News. 3.45 News. 3.50 News. 3.55 News. 4.00 News. 4.05 News. 4.10 News. 4.15 News. 4.20 News. 4.25 News. 4.30 News. 4.35 News. 4.40 News. 4.45 News. 4.50 News. 4.55 News. 5.00 News. 5.05 News. 5.10 News. 5.15 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Record Review

# Hot-blooded Heroines

by RONALD CRICHTON

set Carmen, Berganza, Coirre, Domingo, Milnes/Ambrosio, Singers, LSO/Abbado, 3 records in box, DG 2709 088, 4.25. Cassette 3571 040, 4.25.

La Vida Breve, Berganza, Curras / Ambrosio, Opera House, LSO/Navarro, El Amor, Berganza/LSO/Navarro, records in box, DG 2707 108, 5.00. Cassette 3570 098, 3.99.

La Traviata, Berganza, Hat, complete, LSO/Mata, El Amor, Berganza/LSO/Mata, RCA, L (Cassette 3571 040, 4.25).

check Penthesilea, Smith, Hermann/KR 30 and Chor, R Chor/Macal, 2 records in box, Harmonia Mundi 49 22455, 58.70.

The new Carmen fromutsche Gramophone is the mous Edinburgh Festival production with two major cast changes. Once again Abbado conducts the London Symphony Orchestra and the Ambrosian singers in a reading combining singing energy with meticulous attention to detail. Berganza's urmen comes into even clearer focus on disc, the amoral ruthlessness of Scyllian alleys expressed in terms of faultless classical singing—her dead tones, tone concentrated, infectious lethality pointed. The sé of Plácido Domingo also ins. In the theatre the superb quality and sincere acting are never in doubt but were ously obscured by the difficulty e tenor had with the French words—here he manages better, ven so, two English singers in e cast, Robert Lloyd as Zúñiga d Robert Hartley as Moros, this respect, best him hollow.

The Micaela, Uana Cotrubas, wholly convincing, with character as well as style, and a suggestion that in her shy ay this girl is as determined Carmen herself. The Escallio of Sherrill Milnes could viously throttle a bull with e hand, and he does well by Si tu m'aimes, Carmen in t 4. Yet in a perfect world se van Dam, the Escamillio the Sold/Decca set would range places with Milnes, etter suited to the powerfully umped but slightly over-hasty ace of Fabian Troncy, the ecca. With the ception of the nasty slitherg passage just before José ifes Carmen, Abbado's seleon from the music restored the Oser edition justifies elf for gramophone purposes. for them, does Abbado's turn to the shorter version the duel scene.

Berganza is heard again as alad, the distraught, betrayed roine of Falla's La Vida Breve,



Plácido Domingo and Teresa Berganza in "Carmen"

and as the voice of Candelés, the gipsy heroine of the ballet El Amor brujo. Any recording of La Vida Breve must stand or fall by Salud, the only character in the opera drawn in depth by librettist and composer. Berganza will obviously be compared with Los Angeles. Preference is a matter of taste. Berganza does not possess the shot-silk variety of tone colour of Los Angeles, but her intensity and realism (once again expressed in singing of the finest quality) make her predecessor seem ladylike. No lover of this score (and lovable it is in spite of faults) would want to be without either interpreter.

The young García Navarro conducts with an intensity to rival his heroine. Deutsche Grammophon have given him a luxurious team. I doubt if the broken-backed role of faithless Paco has ever been so well sung as it is here by José Carreras—the duet with Salud is a treat. Alicia Naté makes more than a background figure out of the grandmother. The castanets of Lucera Tená add a fabulous brilliance to the dance scenes. There is even Narciso Yepes, to strike a few guitar chords, to strike that the engineering was not more sensitively done: the voices in the forge which punctuate the first scene with

apophthegms (justified, no doubt) concerning the lot of the por in Granada are clumsily near.

Navarro's account of El Amor brujo is electrically tense and crackling dry. He understands what most conductors overlook, namely that there is a link between this score, originally written for chamber orchestra, and Falla's later music for small ensembles. The RCA version conducted by Mata, again with the LSO, is efficient but less interesting. Nati Mistral gives the songs in throaty flamenco style (the clearly has singing experience beyond that), enjoyable up to the point where one compares her with Berganza on DG, who has the rasp but combines it as ever with an adamant line — and Mistral misses, to take one detail, the essential diminuendo on the final "oy!"

In the first song, "La Mama," he has glaring violins, even more obtrusive in the complete Three-cornered Hat on the reverse.

Some might say that the Amazon Queen Penthesilea was as much cold as hot-blooded. At least the heroine of Schoeck's impressive opera is in a continual state of exaltation, first as wounded warrior, then as lover, finally as venge-

ful fury. Penthesilea (Dresden, 1927), in one long act of about 80 minutes, was based by Schoeck on Kleist's tragedy, using a reduction of the original text. The Amazons can only give themselves to a man whom they have conquered in battle. Penthesilea is in fact vanquished in the Trojan War by Achilles but is persuaded as she regains consciousness that it is the other way round. She and Achilles declare their love. When he reveals the truth she is appalled, takes up arms again and slays Achilles, not realising that he has presented himself unarmed, a willing captive. She then kills herself on his body.

Penthesilea is forceful stuff in the line (more or less) of Elektra. Both in temper and in detail the over-wrought atmosphere of Kleist's tragedy is surely caught. The off-stage trumpets are like puffs of gun-smoke, the wild whoops of Achilles' men make King Priam sound like a garden-party. His score is chromatic, with opposed tonal centres, Y sharp for Penthesilea, C for Achilles: nothing original in that Tritonal opposition but Schoeck handles it as though it were new. There are passages like the big duet for the two lover-enemies on side 2 (added for Zurich after the Dresden premiere) of broad yet uneasy distancism.

The recording from Harmonia Mundi is warmly recommended at the Lucerne Festival of 1973, an event which went some way to make up for Swiss neglect of one of their finest composers, undfunk was the movink spirit. The performers came mostly from Germany—Westdeutsche with the Cologne adio Symphony Orchestra and the Chors of Hamburg and Cologne Radios. Zdenek Macal conducts a performance which has plenty of dramatic presence and some forgivable untidiness. The resonant Lucerne concert hall detail (the pianos are too far back) but is kind to the voices.

Very good voices, too: the title role is sung by Carol Smith, an American mezzo of firm and ample tone.

The part is low. Miss Smith takes the higher alternative when there is one and makes a few minor adjustments. Among the attendant Amazons Barbara Scherler as Meroe and Hanna Janku as Prothoe are outstanding. The Achilles is the strong and steady-voiced baritone-oland Herrmann. This is not the kind of opera of which one can expect alternative recordings—don't let this one slip by.

Cologne City Opera

# Ariadne and Aschenputtel

by ELIZABETH FORBES

The orchestras of the many opera houses along the Ruhr and the Lower Rhine are never less than competent, but the Cologne City Opera at the end of a week-long tour of smaller theatres underlined very forcibly the great gap between competence and excellence. The Gürzenich Orchestra of Cologne is a first-class body which, especially since the appointment of John Pritchard as chief conductor, plays with a refinement and sensitivity that the resident bands of many more illustrious establishments cannot or do not often achieve. Both in Ariadne auf Naxos, conducted by Mr. Pritchard, and in La Cenerentola, conducted by György Fischer, the Cologne musicians contribute substantially to the success of performances rewarding in other ways as well.

The Ariadne is a restaging by Jean Pierre Ponnelle of his own production of the Strauss/Hofmannsthal opera, second version. Set firmly in the Vienna of 1916—the place and date of the first performance of this version—the Prologue reveals a garage-cum-stable-yard that has been converted into dressing-rooms for the singers and comedians. Zerbinetta is lodged in a decrepit old jucker, while a gleaming new open touring car competes for her officer-admirer's attention. With his arm in a sling to explain his absence from the Front, he is so fascinated by the car's innards that he allows his pistol holster to be abstracted by one

one the clowns. At the end of the Prologue the gun is taken by the Composer who, after the performance of his Opera, returns to the stage and shouts himself during the curtain-calls.

This addition to the author's scenario is presumably motivated by the suicide of Hofmannsthal's own son 13 years later. It is followed, in place of the promised fireworks, by a barrage of artillery fire recalling the date: 1916, year of Verdun and the Battle of the Somme. In most respects, though, the production is one of Ponnelle's more thoughtful, less distracting efforts. His setting for the Opera itself, a Baroque fountain in a shadowy garden, magically lit, is quite bewitching. Even the Harlequinade does not tempt him into over-extravagance, apart from a miscalculation towards the end of Zerbinetta's aria, which brings premature applause. The arrival of Bacchus and his acceptance of Ariadne work perfectly without need for ship or transformation.

Vivienne Minton makes a superb Composer, flooding the theatre with golden-toned but always dramatically purposeful singing. Scarcely less striking is the Music Master of Zoltan Kelemen, a positive character far removed from the usual benevolent nonentity. Hubert Möhler's business-like Dancing Master is also quite unlike the camp figure of tradition. Few Zerbinettas are as happy in the typical music of the Prologue as

in the bravura displays of the Opera, but Janet Perry, enchanting in the little love scene with the Composer, also gives the coloratura of "Grossmüchtige Prinzessin" expressive significance. Neither Koy Griffl's Ariadne nor William Lewis's Bacchus possesses the ideal richness of voice to fill out Strauss's vocal line, but both sing intelligently and act with conviction.

A strong quartet of Clowns and a well-balanced trio of Nymphs add to the pleasures of the performance. Though orchestral climaxes are satisfyingly full, it is the chamber music-like delicacy of much of the score that Mr. Pritchard evokes so memorably. That Cenerentola—or rather Aschenputtel, as Rossini's opera is sung in the vernacular—has an equal and even more unexpected delicacy is partly due to Mr. Fischer's feather-light touch with the baton, and partly to the excellence of Joachim Popelka's German translation, which frequently manages to reproduce the sound of Ferretti's original Italian text: the second-act sextet of astonishment, with its reiterated and rolling "rs" is a particularly good example.

The brand new production, by Hans Neugebauer, borrows some detail from the Ponnelle staging, seen in London during the Scala visit to Covent Garden, but after an over-fussy first scene during which Clorinda and Tisbe—surely a little too

old for such games—play excessively with their dolls, it settles down into a fluent and unobtrusive presentation of the familiar story. Jörg Zimmernann's imaginative sets—an extravagantly tumbledown castle for Don Magnifico, a riotously elaborate palace for the Prince—and Marion Gferrer's attractive costumes provide the fantasy lacking in this version of Perrault's fairy-tale. The Prince searches for Cinderella by ship while a storm-tossed rowing-boat is the scene for Dandini's secret confession to Don Magnifico.

Jane Berbié sings the title role with burnished tone and an easy command of the florid music. She makes a sympathetic Cinderella, but it is unlikely that her "ugly" Sisters, Georgine Resick and Marijke Hendriks, should look so very young and, despite grotesque makeup, so very pretty. Miss Hendriks (Tisbe), still a member of Cologne's Opera Studio, has a delightful mezzo voice to match her pleasing appearance and shows promise of unusual dramatic ability. Wolf-Hilbrand Moser, an agreeable Don Ramiro, has the high-lying voice though not yet the technique for the role. Timothy Nolen's exuberant Dandini commands the stage whether as pseudo-Prince or genuine valet. Don Magnifico is scrupulously sung by Ulrich Hielscher while Thomas Thomann lends impressive voice and presence to Alidoro.



Ulrich Hielscher, Jane Berbié and Marijke Hendriks in "Aschenputtel"

New York Public Theatre

# Weakness of the workshop

by FRANK LIPSUIS

With only three recent productions, Joseph Papp's New York Public Theatre seems to be relinquishing its position as the pre-eminent, inexhaustible pool of real theatre for New York. Its "stage" premises in a dingy, brick-stay lively with series of little-known films and poetry readings meant for a clientele which, like the building itself, is conveniently situated between the fashionable west side of Greenwich Village and the more exuberant, younger and less established east village.

Two of the recent productions were labelled "workshops" to designate works in progress. High expectations awaited Thomas Babe's latest work, a look at the American west which, if nothing else, would embody the varied skills that Babe displayed so impressively in A Prayer for My Daughter. If the workshop idea meant anything, it seemed to fit this notion of giving a proven, exhilarating playwright the chance to take on new ambitions—even if they amount to little more than their verbatim of almost predictable debunking of the myths of the American west: the American male and the American male in the American west. But if A Prayer was any guide, the more hackneyed the subject, the more original the treatment.

Fathers and Sons, the resultant work, was a disappointment in all ways except that the workshop designation clearly understated the high quality of the production under the direction of Robert Allan Ackerman, with an evocative western saloon provided by designer Marjorie Kellogg. The cast, from stars Richard Chamberlain and Dixie Carter of William Robertson, as an old prospector-type, also seemed unaware that they were only in a workshop production. Babe never lifted the play out of the mire of clichés that in use the subject like whisky in the bloodstream of a desperado, chamberlain plays an aging, nearly blind Wild Bill Hickok who is comforted in his decline by drink, cards and calamity. Like this malingering, rawl comes a transvestitekiller intent on hounding Hickok to his grave.

The saloon, the card-playing and the characters are vintage

Americana—or at least vintage Americana myth. So too in a way are the occasional songs, which are intended I suppose to be a joke, but their Randy Newman word-heavy style make the joke (and songs) fall flat. If Babe's wordiness conceals a point, it has to do with a much beloved person's victimization by a misfit; because the misfit has the weapon he controls the place. It is a point with profound ramifications for civic courses on democracy, but it is not explored with any depth, and even if it were, there is no likelihood that the dramatic potential of the play would have been improved.

The opposite effect was produced by the other workshop production, director Andrei Serban's interpretation of The Master and Margarita, which is a splendid realisation of Bulgakov's visual novel. Performed in a make-shift version of an arena stage with platforms of different levels extended across the length of the room, each of Bulgakov's scenes is reproduced in a visual extravaganza that recreates the tortures of Christ in the fleshy

colours of renaissance art, while format seems unnecessarily hesitant, as with The Master and Margarita. In its present form it would enjoy a long run, and considering it required a cast of two dozen, the effort seems unfortunate when confined to a few weeks. Similarly, with Fathers and Sons, where the workshop did not work out so well, it seems a shame to have assembled such an impressive cast and set for a play that needs more work. Papp's willingness to experiment in this way, though, is admirable.

The one real opening at the Public recently was E. I. Doctorow's Drinks Before Dinner. Starring Christopher Plummer as a bored and boring success in life, the play was expected to be a witty and urbane look at contemporary life from the heights of success and New York penthouses. In fact, what the pleviglass and chrome setting reflects is only a boredom of having nothing left to say—or think about—when success was the only goal and has been achieved prematurely (Doctorow is well-known for a supposedly serious book that also mistook mannerism for style—Ragtime).

Where it works, th workshop



A scene from "Drinks Before Dinner"

Festival Hall

# Shostakovich

Bernard Haitink and the London Philharmonic Orchestra gave as the principal offering of Tuesday's concert the difficult, violent, magnificently courageous Fourth Symphony of Shostakovich. The interpretation, though it had not yet fully sunk beneath the orchestra's skin, was already of such crazy intelligence and fierce dramatic power as to inspire hopes of many further performances by the same combination of forces.

Not all the monumental orchestral problems will be solved the first time around, nor should one expect them to be. Last night the violent strands of counterpoint that propel the unorthodox argument of the first movement along were not always either tidily meshed or sufficiently explosive of character at the same time; and not all the first-desk soloists were like the excellent first bassoon in being able to reserve sufficient stamina after all the fff explosive outbursts of the first movement, for an individual, lyrical response to the equivocal, bleak, beautiful turns of mood of the third and last movement.

The most important things in the music were already under-

stood and communicated. A Mahler conductor of Haitink's stature will—it hardly needs saying—exert the full force of his symphonic mastery upon the ironic, peculiarly witty, finally tragic last movement; I have never before been so acutely conscious of the way the Mahler First Symphony provides its springboard (and at the same time the material for a strange and un-Mahlerian alchemy). But Haitink's greater achievement was to show just how many themes first expounded in this youthful, controversial, supposedly "experimental" work were to absorb and even obsess the composer decades later, most significantly in the creation of his 15th and last symphony.

It was not just because both works, in their stretches of sustained near-motionlessness, regularly provoke London audiences to bursts of hideous eldritch coughing that one became aware of the affinity, spanning 40 years between the two works. And the notable difference: the Fourth is the untrammelled, and sometimes uncouth, assertion of a young master, whereas the 15th is the spare, unadorned celebration of mature genius.

MAX LOPPERT

Elizabeth Hall

# Beaux Arts Trio

by DOMINIC GILL

A record company's slogans are never to be taken with less than a pinch of salt ("All the great names are on EMI"—and where, one is tempted to ask, are all the great musicians?). For once, however, the banner of the Beaux Arts, which so grandly proclaims "the world's finest piano trio," needs only the barest modification. One of the world's finest piano trios—perhaps—and indeed they are that; for nearly a quarter of a century now, a familiar and much-loved ensemble around the world, whose records will figure prominently in any discerning chamber-music collection.

At their recital on Tuesday evening, the first of two in the Elizabeth Hall this week, they gave us only two works. Schubert's E flat trio and Beethoven's Archduke, each one an account of marvellous clarity, elegance and refinement. How exactly every phrase, every

note, is dovetailed and gauged—and yet how fresh each one emerges! I treasure the Beaux Arts' records of the Schubert trios: and this live performance, recognisably by the same artists, amplified and elaborated much familiar detail. In the great andante, above all, taken at the same slow but wonderfully vibrant *con moto*, the same pungency and lyrical poise embraces the whole of the Schubertian gamut from deepest world-weary sadness to the grandest exultation.

In their Archduke there was no false step, and hardly an imperfect one—what is a fleeting dynamic coyness, or a ritardando faintly overstepped, in such a rapid and joyous context? Every line and nerve of the music was taut and finely tuned. On Tuesday there were two or three empty seats; tomorrow, when the Beaux Arts give the other Schubert trio, and Beethoven's op. 70 no. 1, there should be none at all.

# Sadler's Wells 1979

Once again Sadler's Wells has managed to come up with a full programme of visiting companies to perform at the theatre in 1979. Forty weeks are already spoken for, and there are hopes that the Komische Oper from Berlin will take up some vacant weeks in the autumn if a sponsor can be found to pay the £90,000 in installation costs.

Among the companies visiting the Wells for the first time are the Iraqi National Dance Company, which appears on March 12 for a week; the Bolshoi Puppet Theatre of Leningrad, which arrives a week later; and the Kent Opera, which celebrates its 10th anniversary by playing for a week from April 17. On June 12 the Finnish National Opera and Ballet company is in residence for five nights; and after it there is a season entitled Vienna Nights which will include selections from favourite operettas.

For the rest it is very much the formula as before with two appearances of the Sadler's Wells Royal Ballet and the London Contemporary Dance Theatre, a Ballet Rambert season in July; Scottish Ballet in August; Peco Pena in late September, and two weeks of Handel Opera in October and early November. Around Christmas D'Oyly Carte is expected to perform Gilbert and Sullivan once again.

There is a desire at the Wells to present more opera and to celebrate the forthcoming 50th anniversary of the building in 1981 with renovations. Thanks to the success in attracting business friends, Sadler's Wells made a small profit in the past financial year. The precarious balancing trick should be achieved in 1978-79 under a new clerk to the governors who should be appointed soon to replace Douglas Craig.

A.T.

# Charitable trust to aid Brighton Festival

Businessmen in London and Brighton have formed a new charitable trust to give financial support to Brighton Festival. Launching the Trust Sir John Read, chairman of EMI, who lives in Roedean Crescent, Brighton, said: "With rising costs due to inflation, there is a growing need to create a fund—if possible of £250,000—to ensure the festival's continued success and the preservation of its high standards. The festival deserves support from all who care for music and the arts."

The Trust, a company limited by guarantee, was incorporated in July 1978, and will shortly receive formal charitable status from the Charity Commissioners.

The trustees are all Brighton

area residents. Ian Hunter, the festival's artistic director, was also involved in the formation of the Trust, whose treasurer is Bryan Badger, manager of National Westminster Bank at 137 North Street, Brighton.

The Trust's objects are to promote and encourage an appreciation and study of the arts in the Brighton area and its adjacent communities through the medium of the festival. In addition to sponsoring one or two events during this year's festival, the Trust hopes ultimately to establish a capital fund, the income of which will be used annually in support of the festival.

The 1979 festival again takes place from May 5-19.



## FINANCIAL TIMES

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Telephone: 01-248 8000

Thursday January 18 1979

Living with  
Case D

WHILE THE Prime Minister talks at last of discipline and the possibility of trade union reform, and the Cabinet prepares to contemplate a State of Emergency, the Government's White Paper on public spending is a document from the world of night-haunts.

Nothing in it makes sadder reading than the economic projections on which it is based. These give three alternatives, in the modern fashion. In Case A, we are in an idyllic world in which the Government's 5 per cent policy is more or less universally observed, leading to 7 per cent wage increase this year, with such success that cost push moderates still further in future years. Result: steady growth, surplus and happiness.

Case B, the "central" assumption in this dream world, again assumes total success this year, but no further decline. Wages and inflation settle in mid-range figures, at some cost in growth and investment. In Case C, the cautionary projection, wage push settles at 11 per cent annually. Inflation remains in double figures, competitiveness suffers, exports and growth slow down, and investment is near as tantamount. What is more, the natural buoyancy of revenue is no longer enough to finance the 2 per cent annual growth in real spending which is planned.

## Militancy

Unfortunately even this may be unsustainable at least for this year. We are living through a convulsion of militancy which is disrupting output and will raise wages by a figure which is still hard to estimate. The prospects for revenue and funding are problematic. This is Case D.

There remains that most significant figure in the whole White Paper: the public sector borrowing requirement. Even on the idealistic wage assumption used, this remains virtually unchanged in real terms, and is likely to rise in Case C. What would emerge on realistic assumptions is guesswork; but it is clear that the warnings of fiscal squeeze from the Prime Minister and the Chancellor are no bluff. In the real world, the White Paper shows that the need for action is unarguable.

But does this need arise purely from wage pressure? The White Paper seems to suggest that the planned growth of public expenditure is perfectly manageable in the optimistic cases, but becomes a problem when the real growth of the economy falls near or below the growth of spending. This implies that instead of compet-

ing for limited resources, the public and private sectors are like crops in adjoining fields, which flourish when the weather is favourable, and wither when it is foul.

It seems on this evidence that the planners have not yet grasped either the real world or the financial implications of a monetary policy which attempts to mirror the real world of restricted resources. The fact is that although growth produces extra revenue, it also raises private demand for credit. Public sector borrowing must be reduced not to punish militants, but to make room for growth. The fact which is nowhere clear in the White Paper is that the need for cuts is dictated by the fact that the borrowing requirement is already excessive. The enormous rise in interest rates this year came before the militants broke loose. It was necessary to choke off private credit and to leave room for public borrowing within official limits. Growth would be difficult to fall.

## Abnormal

This did not happen because last year's growth of public spending in real terms was anything very abnormal. The apparent rise of over 6 per cent in volume terms is half accounted for by purely financial items — the refinancing of nationalised industry borrowing, the accounting treatment of the sale of BP shares, and so on. Real growth in spending on goods and services was probably about 3 per cent — and even this reflects an abnormal shortfall in 1977-78 rather than any excess this year. It is the actual level of programmes long planned which implies either excessive taxation or excessive interest rates, and inhibits the productive economy.

To correct this balance, one of three things must be done if still further damage is to be avoided. The real burden of the public sector must be cut, either through a relative fall in pay rates or cuts in manning; or extra money must be found through higher indirect taxes.

These are not just measures to meet an emergency; they must be the basis for any programme for recovery. Even if the present Government could muster the courage of its apparently sincere monetary resolve, it is in no position to launch a long-term programme of any kind. The White Paper, which shows that even apparently modest plans impose unacceptable burdens, would pose hard questions for a strong Government.

Rhodesia's war  
goes on

THE EXTENT to which the British Government has become an impotent spectator of the tragedy unfolding in Rhodesia was graphically underlined yesterday by Mr. Callaghan's statement to the House of Commons. He told that House that Mr. Cledwyn Hughes, the latest in a line of emissaries sent to Africa to assess the prospects for a peaceful settlement, had concluded that at present no good purpose would be served by such a mission. Such was the gulf between the protagonists — on the one hand, Mr. Smith and his partners in the "internal" settlement agreement, on the other, Mr. Nkomo and Mr. Mugabe of the Patriotic Front, guerrilla alliance — that any conference called now would end in failure.

## Empty hands

The Prime Minister ritually declared that Britain would not give up its attempt to achieve a peaceful solution, but he offered no concrete suggestions as to what could be done. That is hardly surprising. For the Anglo-American negotiating hand is empty and for the moment there is little more the two governments can do than watch the conflict from the sidelines. The reason is simple. As Mr. Hughes' gloomy report points out: "Each side in the war is convinced that it can reach its goal — or at least lose — by continuing to follow its own present policies."

In the case of the Patriotic Front, this means an escalation of the guerrilla war and the imposition of a solution favourable to the alliance. In the case of the Salisbury partners, it means struggling on with implementation of their own settlement agreement in the hope that this can somehow win support from black Rhodesians, inside and outside the country, and thus be sold to the West. To this end, statutory racial discrimination has now been scrapped, white Rhodesians will

vote in a constitutional referendum at the end of this month, and elections under a "one man one vote" constitution are meant to be held in April.

But with the guerrilla war intensifying steadily, it is hard to see genuinely free and fair elections being held in April. Equally, there seems little chance of the international community recognising the Government of National Unity which is meant to emerge from the poll. It is striking that Mr. Rollo Hayman, the Rhodesian Minister of Internal Affairs and the man responsible for preparing the election, resigned from the Salisbury Government last month, arguing that the poll would not be recognised, and sanctions would not be lifted and that the new Government would fall within a matter of months.

## Deterioration

Against such a background, there is a slim chance that the Salisbury partners might be more amenable to realistic negotiations after April — but this in turn is likely to make the Patriotic Front more uncompromising in its demands. Mr. Nkomo and Mr. Mugabe are still nowhere near winning the war, but the blows they are inflicting on the Salisbury regime are growing more and more serious. The Salisbury government and the Patriotic Front seem determined to plunge on into the abyss, with every danger that the situation will deteriorate steadily until there is a full-blown civil war. This is not a prospect which can possibly please either South Africa, on which Mr. Smith ultimately depends, or the Front Line states, on which the Patriotic Front depends. But neither Mr. Smith nor the Front Line Presidents seem able or willing to bring about a negotiated settlement which would avert this danger.

I will have such revenges on you both  
That all the world shall —  
I will do such things —  
What they are yet I know  
not — but they shall be  
The terror of the earth.

These utterances of King Lear at all too appallingly obscure threats of terrible budgetary and monetary retaliation to punish excessive wage increases repeated by the Prime Minister and Chancellor on Tuesday night — but underplayed in the media, which concentrated on the strengthening of the Price Commission.

Unfortunately, the new Public Expenditure White Paper throws little light on the Government's actual and likely response to the pay breakdown in the budgetary or any other sphere. It has been circulating in Whitehall since last autumn and is expressed in terms of "funny money" rather than what would actually have to be spent.

The White Paper shows that public expenditure in so-called volume terms took a nose-dive of over 7 per cent in the financial year which ended in March 1978, but is estimated to have shot up again by 6.2 per cent in the year now ending. The size of the switchback is exaggerated by statistical quirks. A fairer picture is of a public expenditure explosion in 1974-75, the year of the two elections, followed by a period of rough stability. The Government target is now moving from stability to an annual volume increase of 2 per cent in the years ahead. Even allowing for some excesses, this is roughly in line with the trend growth of the national product.

The big question is what the 2 per cent volume increase will look like in cash terms and whether it can be accommodated without either large tax increases or emergency public spending cuts which are difficult for Labour before an election.

Last November's estimates of the public sector borrowing requirement in actual as distinct from funny money, was £8bn for

1978-79 and £8.4bn for 1979-80. They were coupled with a money supply growth target of 8 to 12 per cent in the year from last October.

These targets were already supposed to be geared to an inflation rate in single figures. If unions gain "excessive" wage increases and the financial targets hold, they will price their members out of jobs on existing government policies. If this is so, why the talk of re-inflation? Why not merely re-form existing guidelines? One reason is that the published PSBR forecasts are probably out of date. Even before the wage crisis, some experts feared that next year's PSBR could come to £9bn or more. Secondly, there is psychology. Labour leaders deliberately built up "monetarism" as a hope in order to sell incomes policy to the unions. Dissenting economists were cynically written off as Right-wing Tories irrespective of their real outlook. Labour's leaders have rarely explained, except to esoteric City audiences, why they themselves were pursuing semi-monetarist policies and what the results were likely to be. The Chancellor is now likely to have to tighten budgetary policy in a way which would have been necessary if he had explained what he was doing in the first place.

Thirdly, the impact of a pay policy break down on the borrowing requirement depends not so much on the size of the wage explosion as on the relative rise in public and private sector wages. There is a mood of near hysteria in some Whitehall circles about the collapse of incomes policy disturbingly reminiscent of the "Britain is ungovernable" mood of 1974.

But despite the exaggerations, some pay explosion is inevitable. This is the price of three-and-a-half years of attempted enforcement of arbitrary and

Relative  
rise

uniform pay norms. It would be astonishing if the normal processes of adjustment of relative wages and differentials — highly imperfect though these are — could be suspended for so long without generating intense conflict. Three years' worth of strikes have been concentrated into three months.

Published reports are certain to give an exaggerated impression of the rise in private sector settlements. When sanctions were in force, everybody had an incentive to pretend that settlements were worth 5 per cent when they were really worth far more. In the present phase union leaders have to show their virility — by publishing the highest possible percentages. (One recent settlement, described as 15 per cent, was privately noted by the employers at 11 to 12 per cent.)

The CBI's estimate for earnings in the current round (including drift) is 11 to 14 per cent. This is still too high, but a long way from the 30 per cent rises of 1975.

One danger is that the Government will try to persuade itself and others that it is holding the line on public sector wages, even if the public sector is really leading the field. The danger is not the abandonment of the 3 per cent norm under the guise of low pay concessions, but the promised relative inquiries.

The Treasury is keen on job-for-job comparability studies on Civil Service Pay Research lines, as part of a settlement with

## 'EDUCATIONAL' INCOMES POLICY, STAGE ONE

	Annual average per cent changes at 1975 prices			1977-78		
	1964-73	1973-77	1977-78	case A	case B	case C
Consumers' expenditure	2.7	-1.1	3.1	3.1	3.1	3.1
Government consumption	2.5	2.1	1.4	1.4	1.4	1.4
Gross fixed investment	3.5	-2.2	2.1	2.1	2.1	2.1
Exports of goods and services	6.4	4.6	5.1	5.1	5.1	5.1
Total final expenditure	2.5	0.1	3.1	3.1	3.1	3.1
Imports of goods and services	5.8	-0.4	5.1	5.1	5.1	5.1
GDP (market prices)	3.0	0.3	3.1	3.1	3.1	3.1
GDP (factor cost)	3.0	0.4	3.1	3.1	3.1	3.1
World trade in manufactures	10.1	5.1	6.1	6.1	6.1	6.1

For explanation see text of article.

Source: Public Expenditure White Paper

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The Treasury is keen on job-for-job comparability studies on Civil Service Pay Research lines, as part of a settlement with

public service manual employees. But the unions concerned insist on a broad comparison with industrial pay generally. Treasury-type studies might well show that many public service employees are at least as well paid as their equivalents in the private sector, while comparison with the manual average could lead to very large rises. Mr. Callaghan's speech on Tuesday. But does anyone doubt that the public service workers will get hefty increases, and probably backdated ones at that? This is another example of incomes policy machinery adding to the forces of wage push instead of reducing them.

These developments, and reasons not for draconian pay punishments, but for extra caution in framing the 1979-80 budget. To put figures on it, Mr. Healey would be well advised to reduce his money supply targets range by a point and to aim for a public sector borrowing requirement of no more than £8bn in the coming financial year.

How tough a budget will this mean? There will be a great deal of scope for partisan skirmishing about what is a tax increase and what is not. The White Paper assumes the indexation of the specific duties on tobacco, alcohol, petrol and so on. This is not the existing law, but to introduce it would involve Budget resolutions and headlines about "1p on the pint"

etc. If the Chancellor is not to lose £500m. On the other hand, the White Paper assumes the indexation of both personal income tax allowances and the bands for the lower and higher rates. Except for the higher rates, this is already law under the Lawson-Rooker-Wise amendments, which the Chancellor would need a budgetary resolution to rescind. If he did so he would gain about £120m, enough only as an optimistic view of the budgetary outlook and of public sector pay.

It must be reported that one leading embassy in London has prepared an analysis on the assumption that the Government presses down harder on prices than wages and that in addition the Budget is too weak. The result is that monetary targets are achieved, if at all, through high interest rates and credit curbs and that even if inflation is partially contained, profitability and investment will be hard hit.

Growth of  
output

The Public Expenditure White Paper makes an attempt to throw light on these wider questions by means of the table reproduced here, designed to show how rapid increases in wages will reduce the growth of output.

Case A is Alice in Wonderland, with average money earnings (not just settlements) rising by 7 per cent this year and then by a yearly average of 5 per cent. Case B assumes 7 per cent earnings growth — i.e. the original 5 per cent norm plus shippage — over the five-year period. Case C assumes a yearly earnings increase of 11 per cent. A shift from the most to the least "optimistic" case reduces the annual growth of output from 3 to 2 per cent. Over five years this is the difference between unemployment levelling off (a further fall is not envisaged anywhere in the White Paper) and its rising to over the 3m level.

But how is this "educational" demonstration achieved? The main point is that "monetary growth" is "less than accounting" — i.e. the monetary targets are not adjusted upwards to take account of faster wage increases. This means among other things that the exchange rate is prevented from falling in line with rises in labour costs, and British goods are priced out of world and domestic markets.

This whole type of argument assumes that wages depend on "market forces" and that, based upon talks with Ministers in smoke-filled rooms and that neither the state of the labour market nor expectations about Government intentions have the slightest effect.

Much more important is that we are talking of a game of bluff. For if money wages really did increase by 11 per cent or more, regardless of whether it was irrational to persist with lower monetary targets, the unions would have a logical case for saying that the unemployment and slow growth were due to deliberate policy.

Bluff aside, the actual trade-off is not between money wages and employment, as the Treasury model assumes, but between real wages and employment. If it is only money wages that increase too fast, monetary policy and exchange rate policy can accommodate this, as support for instance has shown, although not without loss. But if real wages rise out of all relation to productivity, no monetary policy on earth could prevent workers being priced out of jobs.

The persistence of such divergent policies about fundamental economic science, which could provide non-progressive projections for the TUC and CBI to discuss round the table as both Labour and Conservative "moderates" would have every step in the de-inflationary arithmetic can be legitimate and disputed and we would be better off with palmistry.

Samuel Brittan

## INDUSTRY AID AND EMPLOYMENT

## Compensation for short-time working

## TRADE, INDUSTRY AND EMPLOYMENT

	1977-78	1978-79	1979-80	1980-81
Regional support and regeneration	518	684	700	708
Industrial innovation	275	358	268	276
General support for industry	427	396	567	516
Support for national industries (other than transport)	115	157	110	108
International trade	110	454	113	39
Functioning of the labour market	874	974	1,243	1,357
Health and safety at work	42	44	46	50
Central and miscellaneous services	54	54	60	58
Employment	90	110	83	74
Other	590	—	—	—
Transactions in BP shares	—	—	—	—
TOTAL	1,698	3,232	3,192	3,186
Changes from last year's White Paper	-253	-26	+273	+395

(Figures at 1978 survey prices)

extended its micro-electronic aid schemes to a total of £125m and is also bating £25m energy conservation aid, as well as allocating a total of £150m to its general selective investment scheme aimed at encouraging the introduction of major capital projects.

But it has not finalised any policies about what to do with the selective schemes aimed at individual long-established sectors of the economy which have been gradually introduced over the past few years. There are 15 of these schemes with a total allocation of £300m, and in many cases the periods for the allocation of aid have expired.

There are two main points here. First there is the prospect of a general election which could return a Conservative Government committed in at least curbing, if not halting, the expansion of such aid schemes. Sir Keith Joseph and his Conservative colleagues believe that industry is best induced to invest not by selective aid schemes but by cuts in taxation.

Sectoral aid  
schemes

The second point is that the sectoral aid schemes were designed at a time when investment in UK industry was running at an extremely low level and they may not therefore be the right answer for a period when there may be more investment. The Industry Department has yet to suggest what it might do next were it to have a sympathetic Labour Government returned at the election. The

Labour Party itself, of course, would plump for direct State intervention in major industries and a rapid and radical expansion of the National Enterprise Board's activities.

The NEB's borrowing powers are to be raised from £1bn to £4.5bn under the Bill, which goes before the Commons today for its Second Reading and it was assumed that this would lead to a moderate increase in the NEB's spending allocation in yesterday's White Paper.

But the NEB has not been asking for a rapid increase in its allocation of Government money and the figures contained in the White Paper are based on a constant £275m allocation through to 1982-83. The figure shown for 1977-78 is considerably higher, at £368m, because it includes a £275m Government loan to BL, formerly British Leyland. The 1978-79 figure drops dramatically to just £70m because of the repayment of the loan. In fact the NEB's total spending in 1978-79 is estimated at £345m at 1978 survey prices, although this does not appear in the White Paper.

BL and Rolls-Royce dominate any examination of the NEB's finances. Fresh initiatives taken by the NEB in the past year have made relatively small immediate demands on its resources. Its new corporate plan is now being studied by the Government and it has identified computers and micro-electronics as priority areas. Its INMOS micro-chip venture which is allocated up to £50m is a result of this.

The overall Industry Department budget which emerges from the White Paper is put

at £1.1bn, at 1978 prices, for 1978-79 and at £1.2bn for 1979-80. It includes assistance to the aircraft and shipbuilding industries and to companies like BL as well as more general regional and other industrial aid.

There has been no significant change in regional development grants which are forecast at £430m expenditure in 1978-79 compared with £385m in 1977-78.

Gross expenditure on selective regional assistance in 1977-78 totalled £32m, a reduction from the £66m provided in last year's White Paper because projects made slower progress than had been expected. Gross expenditure in 1978-79 is estimated at £103m which includes payment of £46m, to Ford Motors as part of the £75m selective aid it is receiving for its Briston engine factory in South Wales.

Overall selective regional aid is estimated to have created 100,000 jobs in the period ending March 1978. Offers in 1978-79 are expected to average £1,500 a job.

On industrial innovation, which covers research and development, the Government plans an increase in its cash support of approaching 20 per cent between 1979-80 and 1982-83. The White Paper says that these will be increasingly aligned with the priorities under the Government's industrial strategy, especially the encouragement of micro-electronic developments.

Alternative  
measures

The main change in the employment and training part of the White Paper is provision for a new permanent scheme of compensation for short-time working which the Government wants to introduce soon. It has allocated £200m to the scheme for 1979-80 but might spend this money on alternative special employment measures if the introduction of the scheme is delayed. For 1980-81 there is an allocation of £425m with £460m in subsequent years.

The scheme was proposed in a consultative document by the Employment Department last year and proposals for the necessary legislation were contained in last November's Queen's Speech. But the Confederation of British Industry is opposing the idea and Mr. Albert Booth, Employment Secretary, failed to iron out the problems when he met the CBI jointly with TUC leaders last week. The CBI opposition could

mean that any legislation would have a stormy passage in Parliament.

Under the scheme, which would be organised in two tiers, employees would receive compensation at 75 per cent of normal pay. Under the first tier, employers would receive a rebate of half the compensation, financed equally by employers collectively and by the Govern-

ment. At times of high unemployment — such as now — a second tier would operate with the Government relieving higher individual companies of their share of the compensation cost for workers threatened with redundancy. But the future of this provision in the White Paper appears to depend on the views of the CBI.

John Elliott

King George's Fund  
for Sailors  
looks after them all

In this Country of ours, there is no-one who is not connected with the sea.

Half the food we eat comes from across the sea. Many thousands of us, our relatives or friends are past or present members of one of the sea-faring services, or of an industry dependent on them.

There are many charities for seafarers and their families. One, only one, however, is the central charity charged with collecting and providing funds for all other seafarers' charities, and with making sure that the money is distributed where it can be of most use.

That central charity is King George's Fund for Sailors. Launched in 1917 at His Majesty's personal wish, KGFS distributes funds without distinction of service, of rank or of creed. The sole criterion is to distribute the money to the areas of greatest need.

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THE FUND FOR CHARITIES THAT SUPPORT SEAFARERS IN NEED AND THEIR FAMILIES



## PUBLIC SPENDING WHITE PAPER

مركز العمل

## POLITICAL ASSESSMENT

## Miracles are out in Britain

THE BRITISH Government's White Paper on its expenditure and the most optimistic assumptions would have been a pretty good document even if it had not already been overtaken by events. It is a measure of the way pessimism—some would say a greater realism—has become ingrained that even on the most optimistic assumptions the Government is not prepared to predicate an economic growth rate of much more than 2 per cent, and this at a time when the output of North Sea oil should be reaching its peak.

The pessimism is pervasive and nowhere more so than in the attitude to productivity. It is no longer the hope, let alone the expectation, that there will be any dramatic improvements in productivity. The White Paper assumes that the rate of increase in the output of the manufacturing sector will be 1.5 per cent in 1978-79, and 1.5 per cent in 1979-80.

Much more important, however, is the fact that the White Paper assumes that the rate of increase in the output of the manufacturing sector will be 1.5 per cent in 1978-79, and 1.5 per cent in 1979-80. This is a far cry from the 3 per cent growth rate assumed in the 1976 White Paper.

The calculations are all there in the White Paper. Case A—assuming that the rate of increase in the output of the manufacturing sector will be 1.5 per cent in 1978-79, and 1.5 per cent in 1979-80—shows that the rate of increase in the output of the manufacturing sector will be 1.5 per cent in 1978-79, and 1.5 per cent in 1979-80.

As a result, the sector's overall self-financing ratio has risen from 17 per cent in 1975-76 to an estimated 56 per cent in the present financial year. And the net call on external finance—the basis of the annual cash limit which has been set for each nationalised industry (save for the British Gas Corporation)—has been exempted from the £2.5bn cash limit.

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worth quoting what he said about the more optimistic scenarios. "Two to 3 per cent growth is in any case substantially below the sort of growth rate that we had earlier hoped for when looking to the opening years of the 1980s. . . . It would be tragic if in the period when North Sea oil output is rising to its peak we could do no better than this. We shall strive to do better. But on the evidence of recent years we cannot count on faster growth, and the consequences must be put squarely before the public."

Yet the very publication of the White Paper probably deepens the Government's problems. The essence of what the Government is saying is that even the best that can be attained is not very good and that the worst is almost too ghastly to contemplate. That may be an honest, and even a brave, view to take, but it is hardly the best platform on which to fight an election.

Having been so specific with the projections, the Government cannot now easily seek to blur the issues by conciliatory wage settlements. It is damned by its own figures. Equally, it is hard to imagine that the unions will regard the latest offer to low paid workers as final. By moving before he had to in his House of Commons speech on Tuesday, Mr. Callaghan may well have encouraged the unions to expect even more.

For the Government there is also the short term problem of what to do about the budget. Mr. Denis Healey, the Chancellor of the Exchequer, has threatened long enough to counter excessive pay settlements by monetary and fiscal measures. But at what stage, one wonders, dare he introduce a budget that substantially increases taxation? Given the Government's avowed hope of still keeping down public sector settlements, he cannot act immediately. But as time goes on it is by no means certain that the Government will act at all.

The lesson of Tuesday's debate in the House of Commons, if it were needed, is that the Government is still safe for a few more weeks. The Nationalists in particular have vested interest in keeping it in office until the referendums on the devolved assemblies on March 1. But there was also another lesson and that was a growing sense of defeatism on the Government benches.

## Generous

Mr. Callaghan may have been no more than generous when he congratulated Mrs. Thatcher on her parliamentary performance. Mr. Healey, however, was more revealing. "The Honourable

## NATIONALISED INDUSTRIES

## Optimistic outlook on self-financing

Capital requirements	FINANCING OF CAPITAL REQUIREMENTS (£m)		OUTTURN		Forecast*	
	1976-77	1977-78	1978-79	1979-80	(estimates)	(estimates)
Fixed assets	3,546	3,616	4,147	4,607		
Other	837	55	322	348		
Total	4,383	3,561	4,469	4,955		
Financed by						
Internal resources	2,139	2,146	2,314	2,489		
External finance	2,243	1,415	2,155	2,466		
Government grants	691	710	872	848		
Net borrowing	1,552	705	1,283	1,618		
Of which						
Overseas	1,346	456				
Market	196	256				
Lending	118	212				
Government	284	218				
Net borrowing†						
Overseas	50	200	150	200		
Market	50	450	50	50		
Government	1,100	1,450	800	700		
Total	1,000	800	600	500		
Gains	870	850	740	700		
Total borrowing and gains	1,870	1,650	1,340	1,210		

\* 1978 Survey prices. † Excluding temporary borrowing and leasing, and after allowing for assumed shortfall.

White Paper expect the sector's average self-financing ratio to increase further to about the 67 per cent level by the end of survey period in 1982-83. The figure could be even higher, the White Paper notes, as a result of last year's decision to re-set financial targets for each industry (a process which is still far from complete) and to require investment programmes, including replacement investment, to be tested against the "opportunity cost of capital," a concept which has been defined as meaning a real return of 5 per cent.

As it is, five nationalised industries—the Gas Corporation, the Post Office, the electricity supply industry in England and Wales, the British Transport Docks Board, and the British Airports Authority—are already fully self-financing while the first four of them have had sufficient funds left over to be regularly repaying debt.

Three others—British Airways, British Aerospace, and the South of Scotland Electricity Board—have achieved over 50 per cent self-financing this year or expect to do so in 1979-80, while the British National Oil Corporation expects to reach 80 per cent self-financing by the early 1980's.

The four industries which depend heavily upon central and local government grants—British Rail, National Bus, the Scottish Transport Group, and the Waterways Board—are holding their own on a grand scale, but are still far from self-financing in real terms. This leaves as problem areas only British Steel, British Shipbuilders and—for the present at least—the National Coal Board.

According to the White Paper, the sector's aggregate call on external funds (other than short-term borrowing) should fall from about £1.6bn this year to £1.2bn in 1981-82 (both figures at 1978 survey prices). But this does not necessarily mean that the sector's net borrowings from the Government should also diminish. Government lending is a residual, after recourse has been made to the market at home and abroad; and the amounts raised from these sources will depend upon the industries' financing needs, market conditions and—in the

## SOCIAL SECURITY AND HEALTH

## The biggest sector grows

inflation-proofing of benefits together with extended child benefits are the reason for most of the increases.

The programme is based on the assumption that the number of unemployed, excluding school-leavers, will average 1.315m in 1978-79 and in future years. In the current financial year this level of unemployment is expected to require unemployment benefits totalling £557m to 590,000 people with the number of claimants remaining steady throughout the projection years. The corresponding estimates for unemployment claimants in the previous expenditure estimates were 150,000 higher in 1978-79 although the numbers were expected to trail off to 510,000 in 1981-82.

These costs are reflected in large allowances for uprating improvements over average 1978-79 benefit levels from 1980-81 onwards, and are based on a working assumption that after a marked growth of real earnings in 1978-79, there will be a fall of 1.5 per cent in 1979-80 followed by rises of about 1 per cent in 1980-81 and 2 per cent in each of the two remaining projected years.

Retirement pensions continue to account for about half the total programme expenditure. In the current year over £7.5bn is expected to be paid in retirement pensions increasing to over £7.8bn in 1982-83. Overall the level of expenditure in this area remains unchanged from the previous estimates with contributions from employers and insured people covering about three-fifths of expenditure.

Elsewhere in the estimates there are few surprises with provision being made for expected changes in eligibility for benefits. Much of the increase of total expenditure reflects the final phase of the increase of child benefit allowances from April 1978. However, it is partially offset against the withdrawal of child tax allowance, the net effect being an additional £500m for family support in 1979-80.

Total expenditure on health and personal social services, including both central and local government provisions, has been increased by £101m to £8,408m in 1979-80 over planned expenditure in the last Expenditure White Paper and by slightly smaller amounts in the two following years. The new expenditure plans take account of expenditure on demand-determined services and on personal social services and for some expansion and improvement of services particularly for prevention of disease services for the disabled, the elderly, children, the mentally ill and mentally handicapped.

To maintain the current levels of expenditure per head as population structure changes the Government expects that

current expenditure on hospital and community health services will have to increase by about 1 per cent a year "to allow for demographic changes and some provision for improved medical techniques in other parts of the service."

For personal social services, such as day care and meals for the elderly, a minimum growth of about 2 per cent is required to maintain existing services.

The projected expenditure allows for average increases of 1.9 per cent a year from 1978-79 to 1982-83 compared with a 1.7 per cent increase included in the last White Paper. Split up, the expenditure plans provide for an annual average of 1.5 per cent on hospital and community health services and 2.5 per cent on personal social services giving increases above the minimum required to maintain services but probably not of sufficient size to meet the demands of the health service unions.

In detail the expenditure provisions allow the health authorities to speed up improvements to hospital and community health services with an additional £76m available in 1979-80 over previous estimates followed by smaller increases in subsequent years.

A 3 per cent annual growth rate for the provision of family practitioner services reflects a growing emphasis on the need to improve primary health care, particularly in the inner cities together with the greater demand for services caused by the growth in the number of elderly.

Paul Taylor

## MEN AND MATTERS

## Laker's legacy:

## solo jet set

This year will see the full effects on the two-way tourist traffic across the Atlantic of Skytrain and other cut-rate fares. Charters from the U.S. to Britain for 1979 are said to be down by at least 80 per cent. Virginia Henderson of Groups Unlimited, a London firm involved in this side of tourism said yesterday: "Skytrain has killed the charters."

There is likely to be a flood of American tourists "going it alone"—and finding that low fares do not mean low hotel prices. Last year, many such visitors fled to the continent, hoping life would be cheaper over there. But those who do stay with us could still bring a boost in tourist earnings, because individual holiday-makers spend more than those on package tours.

In the other direction, there is already a boom. British visitors to the U.S. this year should top 1m—up almost 40 per cent on 1978. That may put us ahead of Japan. Many more Britains will be finding their way around the states on their own, forecasts for Elin, chairman of the retail agents council of the Association of British Travel Agents.

Even so, one tour operator offering a week in New York for £169 all-in has had a complete sell-out. But in the end, the pace of Transatlantic tourism this year is going to be governed by the strength of the dollar; and the pound.

Malcolm Rutherford

## Bridge of sighs

Monday's "day of action" for workers in public service is presenting a dilemma for the operators of a swing bridge on the River Neane in Lincolnshire.

Should they leave the bridge up or down? If it is up it will block the road, if down it will halt river traffic. As a compromise they will probably leave it halfway up, stopping both.

The bridge operators are members of the National Union of Agricultural and Allied Workers, which is trying to offer guidance. A union official said yesterday: "We are still wrestling with this one."

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Ulster Unionists were last night still dithering about joining in. Freedom of Information, while conveniently embarrassing to the government, was not in fact Freud's first choice when he topped the ballot for Private Members' Bills. One of his favourite hobby-horses is decrialising possession of small quantities of cannabis—"I'd like a sort of parking ticket system"—but he tells me that in an election year he found the support for it had evaporated to just six MPs.

Another choice was a favourite Liberal one—a Minimum Earnings Bill. Freud contacted the TUC and, receiving no reply, claims he bombarded Len Murray with telephone calls and telegrams. Still to no avail. He then abandoned the idea with Willsonian pragmatism: "It would be irresponsible to push something that you know is not going to get proper support."

The TUC thought it "highly likely" that Freud's messages had been ignored. It was against minimum earnings "because they make collective bargaining more difficult," but in any event, messages took a long time to move through the machine. "One from Clement Freud just wouldn't filter through—frankly we just wouldn't take any notice."

## Chinese puzzle

With Vice-Premier Teng awaited in Washington, there has been some shrewd calculation in Wall Street about those hardy annuals of hard-headed Sinophilia—the Imperial Chinese bonds.

It now seems that if Peking does promise Carter to redeem old bonds issued in the U.S., the cost to China will be negligible. Most of those dating from the turn of the century were denominated in pounds pegged at \$5 to the pound. Seeing that the dollar is now only two to the pound, the Chinese at most would only have to pay back 40 per cent of the loan's value.

Judging by what some other Communist countries have done about pre-revolutionary bonds, the Chinese would at best only offer a maximum of 30 per cent of the loan. So the best the investor can hope for is its 12 per cent of his money. Even so, that is better than a poke in the eye with a paper fan, after so many decades of abandoned hope.

## Light exchange

Overheard in the electrical department at Harrods—Woman with plummy voice: Where would I find plastic lampshades? Assistant (politely): At Woolworth's, Madam.

Observer

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# Caution prompts four years of 2% more

The volume of public expenditure is projected to increase by about 2 per cent a year over the next four years after rising sharply in the last 12 months.

The Government's continuing commitment to these plans is shown in its annual Expenditure White Paper 1979-80 to 1982-83 published yesterday.

The projected rate of increase is intended to be within the growth of national income, discussed in the White Paper in terms of an illustrative range of 2.3 per cent a year, and consistent with the attack on inflation and general economic strategy.

The White Paper stresses that "stability of the main framework of expenditure plans continues to be an important objective. To plan faster growth of the total would limit the room for fiscal manoeuvre and would significantly increase the risk that the plans would

later have to be cut back, causing disruption and disappointment."

The White Paper is longer than last year, at 255 pages against 176 pages. Among the new features are more information about the outturn on individual programmes against earlier plans, about levels of service and about the working assumptions on unemployment and real earnings used in calculating the social security figures.

The total levels of expenditure planned for 1979-80 and 1980-81 are consistent with those planned in the last White Paper a year ago. The small increases compared with then are due to an expected switch from mortgage tax relief to expenditure on option mortgages.

The present plans provide for the total to continue to grow by about 2 per cent a year in 1981-82 and 1982-83, although the figures for the later years are increasingly provisional and will be

reviewed in future expenditure surveys.

Within these totals the contingency reserve for extra items is projected to rise from £800m in 1979-80 to £2.5bn in 1982-83 (at 1978 survey prices).

While the projected increase in the planned level of spending is likely to be about 2 per cent over the next four years, the actual rise will depend on the amount of shortfall both in the current and later years.

The exact rise will vary depending on these assumptions and on how certain exceptional financial transfers are treated.

This was a subject of considerable political controversy last year when the Conservative Opposition argued that the true rise was larger than the Government suggested.

This controversy may now be re-opened since the latest figures show that total public expenditure (including debt interest but

before a full allowance for shortfall and net nationalised industry borrowing) is expected to have risen by 8.6 per cent between 1977-78 and the current financial year.

This is partly because the outcome for 1977-78 is now stated to have been nearly £1.6bn lower than estimated in the last White Paper. As a result, actual expenditure in 1977-78 is now thought to have been roughly 7 per cent, or £4.34bn, below the January 1977 projections.

This larger than previously estimated shortfall set a lower base for the current financial year when shortfall is expected to have been much smaller, at £2bn. If this is taken into account, the increase in expenditure, excluding debt interest but including net nationalised industry borrowing, is estimated at 6.2 per cent between last year's outturn and the projected level for 1978-79.

The White Paper points out that the growth of expenditure between 1977-78 and 1978-79 has been influenced by large changes in nationalised industry borrowing, the refinancing of export and shipbuilding credit and by the sale in 1977-78 of BP shares.

Excluding these items, an increase in expenditure of about 2½ to 3 per cent is at present expected between the two years. Expenditure including these items is at present expected to rise by just over 6 per cent to a level some 4 to 5 per cent above that of 1973-74.

The shortfall estimate of £2bn is the same as that in the last spring budget. Slightly over £1bn of this is reflected in the early estimates of the actual volume of spending on programmes but it is judged unlikely that the shortfall has been fully identified yet and a further allowance is made, bringing the total up to £2bn. Shortfall is estimated at £2bn

for 1979-80 and in later years. If this is taken into account, expenditure, including nationalised industry net borrowing but excluding debt interest, is estimated to rise by 2.1 per cent in 1979-80. However, total public expenditure, excluding to so far unidentified shortfall but including debt interest, is projected to rise by 4.54 per cent to £68.16bn between the two years.

The White Paper also includes adjustments to the volume figures in cost terms which permit a closer comparison of the relationship with future Gross Domestic Product.

This trend is expected to be relatively favourable in the next two years, assuming a successful implementation of the Government's pay policy. On the basis of 1977-78 prices, the total expenditure, before shortfall, is expected to rise by 4.2 per cent in cost terms in 1979-80 above the level for this year.

## Inflation fight and productivity the key to improvement in economic growth

CONTINUED SUCCESS both in reducing inflation and in improving productivity are required if the UK economy is to recover the rates of growth experienced before the recent recession. These, together with the course of the world economy, are the essential constraints on growth.

This is the conclusion of a lengthy discussion of the medium-term influences on the development of the economy included in an extended form in the White Paper.

In deciding policy on total expenditure the Government takes account of the prospects for the economy, particularly for the growth of GDP and the balance of tax and expenditure. Three illustrative projections of expenditure and output provide a background for the public expenditure plans by showing the possible implications for GDP and the pattern of demand of certain assumptions, for example about world trade and inflation.

"Projections of this kind are neither predictions nor expressions of the Government's intentions; nor do they cover the full range of possibilities.

### Developments

"The growth of world trade remained low in 1978. Some recovery seems likely in 1979 as activity in the main European economies picks up. The following projections assume that, after allowing for the effects on the U.S. and other economies of recent oil price increases, world trade in manufactures rises by

7½ per cent in 1979 and by about 6½ per cent a year thereafter. This would be a considerable improvement on the growth recorded in the past two years (about 4 per cent), but still well below the average of about 10 per cent for the years before 1974.

"Competitors' unit labour costs in manufacturing are assumed to go on rising at the past trend rate of about 5 per cent (in terms of domestic currencies).

"The UK's terms of trade have improved recently, partly as a result of falls in commodity prices. The projections assume that they remain broadly unchanged at their 1978 level.

"The Government's aim will continue to be to combine net repayment of debt year by year with new borrowing to spread the maturities.

### Potential

"The growth of the economy's productive potential—the rate at which output can rise over time at a constant pressure of demand—is determined by the growth of the working population, its productivity, and the contribution of North Sea oil and gas. The actual rate at which output rises will depend not only on this underlying growth of productive potential but also on the extent to which resources can be brought into productive use. In the short term actual and potential output growth can differ markedly, but as the time horizon lengthens productive potential becomes an

increasingly dominant influence on the growth output.

The White Paper includes figures for the trend growth of productive potential in the 1960s and early 1970s and estimates of its growth in recent years and in the future. Estimates of the underlying growth of output per head are particularly uncertain.

"Recent experience taken on its own suggests that the underlying growth of output per head adjusted for cyclical fluctuations has fallen considerably—possibly down from 2½ per cent in 1964-74 to 1½ per cent in the period until 1977. This was to some extent the result of the recession, but there also appears to have been deeper-seated causes for the underlying growth of productivity in most industrial countries seems to have fallen since the early 1970s.

"The relatively constant underlying rates of potential output growth that appeared well established in the 1950s and 1960s can no longer be counted upon. A range of increases in productivity of 1½ to 2½ per cent a year is shown in the period to 1982, but the range of possible outcomes is considerably wider than this.

"The projections described below assume that output per head grows roughly at the centre of this range but that its pace of recovery will vary slightly with the pace of growth of output; but even in the highest growth case of the three projections the underlying growth of productivity is still well below its earlier trend.

oil and a faster growth of the labour supply, productive potential is unlikely to grow much above its pre-1973 trend of about 3 per cent. This assumes a 1 per cent annual growth in the labour force in 1977-82 (against 1½ per cent in 1967-74) and a 3 per cent annual addition to GDP from North Sea oil and gas.

### Projections

"The three illustrative projections all incorporate the present expenditure plans. All make the same assumptions about the world economic background. The main differences lie in the assumptions made about earnings, productivity, monetary conditions and competitiveness.

"In each case the projected level of private expenditure is varied to provide for a satisfactory balance of payments.

"There are three illustrative

assumptions on earnings. Case A assumes that average earnings rise by about 7 per cent during the current pay round (as in the Industry Act forecast published in November) and by 5 per cent in the 1979-80 and subsequent pay rounds. This assumption is broadly consistent with bringing the rise in unit labour costs into line

with that of our strongest competitors. Case B assumes a constant (7 per cent) growth of earnings throughout the period. Case C illustrates a less satisfactory outcome, with earnings rising at 11 per cent a year throughout the period.

"These three cases would imply significantly different rates of price increase. In cases A and B the annual rate of increase in retail prices would fall from present levels; in case C it would return to double figures and remain close to 10 per cent throughout the period of the projections. The pace of recovery in underlying productivity is assumed to vary slightly with the rate of growth of output, and is thus fastest in case A.

"Monetary growth is assumed to be less than accommodating to the growth of nominal GDP in the higher inflation case. These assumptions imply that in case A and less so in case B labour costs in manufacturing rise more slowly than the average for competitor countries, and UK competitiveness improves; in case C competitiveness worsens.

"Each of the projections implies a slower growth of real gross earnings than during the past year, when pay increased far ahead of prices. Real personal disposable income (RPDI) has been further raised in the past year by tax reductions and increases in child benefit (a further increase is to take effect next April), and consumption should rise on a more even path than gross earnings.

### Output

"All the projections represent a marked improvement on the four years 1973-77, but only in case A does output regain on average over the period to 1982 the trend growth rate of the years before then—an increase in real GDP of 3 per cent a year.

Even in Case C output grows by 2 per cent a year against 0.3 per cent in 1973-77.

"The main differences in domestic demand between the cases are in consumers' expenditure and investment. There are major differences in external trade prospects between the cases, arising mainly from differences in competitiveness. In case C, unlike cases A and B, UK costs rise faster than competitors' and, even allowing for some depreciation of the exchange rate, competitiveness worsens over the period. This weaker competitiveness is reflected partly in a slower growth of exports, and partly in a worsened relationship between output and imports.

"As the projections provide for a satisfactory external account, differences in the prospects for external trade in the three cases lead to differences in the growth of domestic expenditure and output. The effects of the differences in competitiveness between the three cases build up through the period, and the divergence in the projected growth rate increases: in 1979-82 the average GDP growth for cases A, B and C are 3½ per cent, 2½ per cent and 1½ per cent respectively.

### Forecast

The White Paper also contains projections of revenue and borrowing requirements consistent with Case B. For the period up to and including 1979-80 this is consistent with the industry Act economic forecast published by the Government last November. It is assumed in this case that the out-turn for the current pay round is an increase in average earnings of 7 per cent, consistent with pay settlements of 5 per cent in accordance with current policy, and that the effective exchange rate remains unchanged. GDP grows in 1978-79 and 1979-80 by 3½ and 2 per cent respectively.

"Total tax revenues for the financial years 1979-80 and 1980-81 are projected on the assumption that personal income tax allowances and bands,

GENERAL GOVERNMENT ACCOUNT AND PUBLIC SECTOR BORROWING

	£bn	1977-78	1978-79	1979-80	1980-81
<b>General government receipts</b>					
At 1977-78 prices:					
Taxes on income and expenditure	41.9	43.9	45.2	46.6	
Capital taxes	0.9	0.9	0.9	0.9	
National Insurance	9.7	9.2	9.2	9.4	
Interest receipts	2.8	2.9	2.7	2.5	
Other receipts	3.5	3.8	3.3	3.3	
Total receipts	58.8	59.7	61.1	62.7	
<b>General government expenditure</b>					
At 1978 survey prices:					
Goods and services	34.2	34.9	36.0	36.5	
Subsidies	3.7	4.4	4.1	4.1	
Grants	19.8	22.0	21.9	22.1	
Net lending	-0.9	1.9	1.9	1.3	
Contingency reserve	—	—	0.8	1.4	
Total expenditure at 1978 survey prices	56.9	62.0	64.7	65.4	
Price adjustment to cost-terms and 1977-78 prices (i.e. including the relative price effect)	-1.7	-2.1	-2.5	-2.7	
At 1977-78 prices:					
Total expenditure at 1977-78 prices	55.2	59.9	62.2	62.7	
<b>General allowance for shortfall</b>					
Interest payments	6.7	6.9	6.7	6.6	
National accounts adjustment	1.8	1.8	1.9	1.8	
Total expenditure in national accounts terms	63.7	67.7	69.9	69.4	
<b>Borrowing requirement</b>					
At 1977-78 prices:					
General government borrowing requirement	4.9	3.0	7.2	6.9	
Public corporations' borrowing, other than from general government	0.6	-0.7	-0.6	-0.1	
Public sector borrowing requirement	5.5	2.3	7.8	7.0	
Public sector borrowing as % of gross domestic product	34%	41%	42%	41%	

and also specified indirect tax rates, are indexed in line with the rise in retail prices during the preceding calendar year.

"The projections for 1978-79 and 1979-80 are consistent with the published Industry Act forecast. For 1980-81, they are based on the assumption that GDP will grow by 2 per cent and that private sector expenditure will be sufficient to produce a level of demand consistent with this growth rate. This is inevitably artificial since there can be no assurance that the extra demand would arise automatically. If in the event the growth rate were only achieved by relaxing fiscal policy, the borrowing requirement would be higher than shown in the table.

"Subject to this important qualification, the projections show that growth as in case B tax receipts increase broadly in line with expenditure, with revenues from the North Sea accounting for £1bn of the rise of £4bn in total receipts between 1977-78 and 1980-81. With the faster growth in case A, revenues would rise faster in relation to expenditure than in case B, but in case C they would not keep pace with expenditure. The projections indicate that in 1977-78 prices the public sector borrowing requirement is expected to decline from £7.2bn

## Little change in pattern of allocations

THE BROAD pattern of public spending remains little changed since the last White Paper a year ago, although there have been increases in the provision for child benefits, employment services, the national health service, education and law and order.

These have been covered over the next two years from provisions previously unallocated within the contingency reserve and from reductions in the estimated requirements of nationalised industries.

The White Paper says: "The largest single programme is social security (pensions and other benefits), which absorbs about £16bn a year and accounts for approaching a quarter of the total. Four other main blocks of expenditure—education, health, housing and other environmental services taken together—and defence, absorb £7.9bn each and together amount to about half the total.

"At the time of the 1978 Budget, allocations were made from the contingency reserve to child benefit (£320m in 1978-80), employment measures (£130m in 1978-80) and energy conservation.

"Since then, the Government has decided on a number of in-

creases in individual programmes in the course of the 1978 public expenditure survey. Additional provision, amounting to £200m in 1979-80 and £400-£500m in subsequent years, has been made for employment measures, including a permanent scheme of compensation for short-time working.

"The health and personal social services programme has been increased by about £100m in 1979-80, and by slightly smaller amounts in the two succeeding years. Other additions include £40-50m a year for education, some £10-20m a year for improvements in social security benefits, especially for the disabled, and amounts rising from some £5m in 1979-80 to nearly £50m in 1981-82 for law and order.

"The rates of growth of the individual programmes may be affected by subsequent allocations from the contingency reserve. Subject to that, the programmes for social security, health and personal social services, housing and law and order are all planned to rise in volume terms roughly in line with the expenditure total.

"The education programme shows a small rise over the period; increasing provision for higher and further education

and for science and the arts is partly offset by decreasing provision for schools, where pupil numbers will be falling. A broadly constant level of expenditure, below that of earlier years, is planned for roads and transport. The defence budget plans rise by 3 per cent in each of the next two years. The figures for the two subsequent years represent simply the revaluation to 1978 survey prices of the 1981-82 figure in the last White Paper and are consequently provisional. No decision has yet been taken about the defence budget for those years.

"The aid programme is planned to increase by 6 per cent a year over the next four years, and expenditure on unemployment services continues to rise strongly up to 1981-82. The figures for the trade, industry, energy and employment programme as a whole show little change over the planning period, the increases on the employment programme being balanced by reductions on trade and industry. The requirements for the energy programmes are likewise uncertain but provision is relatively stable over the period.

"The planning totals for the years ahead include a substantial reserve to cover con-

tingencies and other requirements which cannot be properly quantified at this stage. About half the total growth in expenditure plans over the next four years will be allocated to programmes in due course. The White Paper planning figures are, therefore, likely to understate the rates of growth for some individual programmes.

"The figures for debt interest include only those payments which have to be financed from taxation or further government borrowing. They do not include payments met from interest on money lent or by provision for interest from trading surpluses or rents.

"On this basis the estimate for 1978-79 is £2,200m, and shows little change from the 1977-78 level. Debt interest is assumed to increase to £2,400m in 1980-81 and 1981-82, and then to fall to £2,300m in 1982-83. The projections for 1978-80 and after are rather higher than in the last White Paper, reflecting the new borrowing projections and the recent higher rates of interest.

"Current expenditure for over 80 per cent of total public expenditure. Rather over half of current expenditure is on goods and services, and transfer payments account for the rest.

"Capital expenditure, mainly investment in fixed assets and net lending, is planned to remain broadly constant over the planning period. Over half of it is on construction work. Direct public expenditure on construction is planned to remain steady over the next four years, at about £5½ a year.

### Changes

"In addition, government grants and lending help to finance other construction work, for example by the nationalised industries and housing associations. Including this expenditure, the total planned level of public spending on construction amounts to a little under £7 a year over the survey period.

"The share of capital expenditure in public expenditure as a whole is now lower than in the early 1970s. This mainly reflects the changing requirements of individual programmes, including demographic changes.

The amount of investment needed in roads and water is now less than in the early 1970s. The requirements for new buildings in education and housing have been affected by the fall in the number of children of school age and by the shift towards gradual renewal of the dwelling stock.

The main services provided by the central government, including transfer payments, account for over 70 per cent of total programmes and are projected to rise by 3.5 per cent in 1979-80 above the estimated outturn for the current year.

There has also been a marked reduction since the last White Paper in the estimated requirements of the industries as a whole in spite of increases in the borrowing needs of the National Coal Board, British Shipbuilders and British Airways.

### Growth

The industries are expected to continue to finance an increasing proportion of their investment programmes from their own resources.

Local authorities account for more than a quarter of total public expenditure and for more than half of the people employed full and part-time in local and central government.

The growth of local authority current spending has been resumed in the current financial year after small declines in the previous two years, and the decline in manpower in 1976 and 1977 has come to an end.

The provision for individual services has been adjusted since the last White Paper in order to reflect more closely the actual pattern of local authority current expenditure. Some redistribution in the provision for capital programmes has also been made in the light of local authority decisions to spend more than expected in 1978-79 on local environmental services and less on housing.

PUBLIC EXPENDITURE PLANS						
£m at 1978 survey prices						
	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
<b>Outturns</b>						
Central government	40,272	45,038	46,608	46,748	47,254	48,145
Local authorities	16,598	16,951	17,338	17,597	17,750	17,852
Certain public corporations	971	969	1,110	1,101	1,053	1,035
Total expenditure on programmes	57,841	62,958	65,056	65,446	66,057	67,032
Contingency reserve	2,173	2,300	2,400	2,400	2,500	2,500
Debt interest	0,014	65,199	68,154	69,246	70,457	71,832
Total public expenditure	57,841	62,958	65,056	65,446	66,057	67,032
<b>Plans</b>						
Total expenditure on programmes and contingency reserve	57,841	62,958	65,056	65,446	66,057	67,032
Net overseas and market borrowing of nationalised industries	501	-100	-450	-200	-150	-150
Planning total for future years*	—	—	65,206	66,446	67,857	69,382
Percentage change on previous year	—	—	2.0%	2.2	2.2	2.2
General allowance for shortfall	58,342	—	—	—	—	—
Outturn and projected outturn	58,342	61,936	63,206	64,446	65,857	67,382
Percentage change on previous year	—	-7.2	2.1	2.3	1.9	2.3

\* The planning total differs from total public expenditure by excluding debt interest but including the total net borrowing requirement of the nationalised industries, other than short-term borrowing.  
† Balance remaining at December 15 in the contingency reserve for the current year.  
‡ Change on the planning total for 1978-79 in the last White Paper.  
§ This allowance, when added to that already made for individual programmes, brings the general allowance for shortfall in the last White Paper's figures to £2bn.

TOTAL PUBLIC EXPENDITURE BY PROGRAMME						
£m at 1978 survey prices						
	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
Defence	6,841	6,848	7,178	7,394	7,400	7,420
Overseas aid and other overseas services	1,674	1,762	1,892	2,004	2,005	2,141
Agriculture, fisheries, food and forestry	906	845	914	833	833	819
Trade, industry, energy and employment:						
Refinancing of home shipbuilding and fixed rate export credit	-229	439	54	-11	-32	18
Other	1,927 <sup>a</sup>	2,793	3,138	3,197	3,197	3,153
Government lending to nationalised industries	-239	1,100	1,450	800	700	1,000
Roads and transport ...	2,728	2,782	2,847	2,862	2,842	2,833
Housing	4,868	5,006	5,237	5,495	5,677	5,728
Other environmental services	2,919	3,047	3,122	3,152	3,159	3,115
Law, order and protective services	1,998	2,092	2,137	2,180	2,231	2,274
Education and libraries, science and arts	8,550	8,722	8,817	8,876	8,928	8,976
Health and personal social services	7,514	8,233	8,406	8,523	8,672	8,873
Social security	10,279	10,825	11,235	11,612	11,949	12,249
Other public services	872	882	916	934	954	917
Common services	981	1,007	1,067	1,110	1,159	1,200
Northern Ireland	1,842	2,020	2,023	2,002	2,025	2,000
Total programmes	57,841	62,958	65,056	65,446	66,057	67,032
Contingency reserve	—	41	800	1,400	2,800	2,500
Total	57,841	62,999	65,856	66,846	68,857 <sup>b</sup>	69,532
Debt interest	2,173	2,280	2,300	2,400	2,400	2,300
Total public expenditure	60,014	65,199	68,156	69,246	70,457 <sup>b</sup>	71,831



## PUBLIC SPENDING WHITE PAPER

## How tax relief costs the Exchequer money

THE WHITE PAPER includes, for the first time, full details on the cost to the Exchequer of the various reliefs on direct taxes.

These reliefs, states the White Paper, can have broadly the same effect on the Government's borrowing requirements as public expenditure.

Therefore, although their distribution and incentive consequences will be different, there is a case for saying that where a tax relief benefits a particular group of taxpayers, or a particular sector of the economy, it should be taken into account, along with direct public expenditure, related to those taxpayers or that part of the economy.

The figures show that the biggest single "tax expenditure" is the married man's allowance, which is estimated to cost the Exchequer £5.6bn in the current financial year.

Capital allowances to companies are expected to cost the Exchequer £2.6bn this year, while stock relief to companies adds a further £1.3bn.

The figures are in terms of tax foregone, whether by way of once-for-all reduction of liability, or of deferment of liability, as in the case of capital allowances.

## Withdrawal

The cost of each relief is calculated separately and the cost of withdrawing more than one relief cannot therefore be obtained by adding up the various figures.

The White Paper points out that where a withdrawal of a relief was considered, the gain to the revenue would not necessarily be the same as the tax expenditure, or because withdrawal could affect the behaviour of taxpayers or the amounts of payments.

If the reliefs for savings were withdrawn, for example, savings might fall, while supplementary benefits might need adjustment to take account of any tax liability introduced.

So far the only figures given are those for taxes collected by the Inland Revenue. The Government has decided not to include indirect taxes.

One major difficulty in including them is the tax penalties or charges, which are imposed

primarily for policy reasons rather than simply to provide revenue. An obvious example is the surcharge imposed on higher tax cigarettes in the 1978 Finance Act.

After the married man's allowance the biggest tax expenditure on income is the single person's allowance, costing £3.2bn in the current year, followed by the wife's earned income allowance, costing £1.5bn. The provision allowing for separate taxation of wives' earnings costs £800m.

After these the biggest single income tax concession is interest on loans for buying or improving owner-occupied property. Tax expenditure on this is estimated at £1.1bn in the current year.

The capital gains tax concession on the disposal of only or main residences is estimated to cost very roughly £1.5bn, and the stamp duty exemptions on transfers of government and other stock £1.3bn.

Relief for pensions schemes has a cost of about £450m, while the expenditure cost of not taxing unemployment benefit is roughly £108m and of sick benefit £200m.

## Housing

CAPITAL SPENDING on housing is expected to be substantially below projections made in the last White Paper for the current financial year. Returns available so far suggest that the underspend could be at least £250m, or 10.8 per cent.

However, the level of current expenditure for 1978-79 is not expected to differ significantly from last year's White Paper projections.

The net figure for capital spending contains some large movements within the programme. The estimated level of repayments from local authority lending is up considerably. Also, it seems likely that authorities will not utilise fully the resources provided for investment, particularly on housing building and the acquisition of land and buildings.

Local authorities have been alerted to the risk of underspend, and discussions have been held with the local authority associations to reduce that risk. The rate of spending may increase in the second part of the year.

A further underspend is expected in the next financial year, of £86m, compared with the projections of the last White Paper, at 1978 survey prices.

In the following two years some increase over the last White Paper is projected, adding to the moderate spending rises already planned.

Total expenditure on housing is now forecast to increase by 4.9 per cent in volume terms between 1979-80 and 1981-82, and a further rise of 2.2 per cent in the subsequent year.

The White Paper also contains estimates of the tax receipts forgone through relief on mortgage interest for owner occupiers.

This total is £1.29bn for the 1977-78 financial year in 1978 survey prices, down 10 per cent on the level of the previous year.

## Defence

EXPENDITURE ON defence is expected to rise by 3 per cent a year in volume terms in 1979-80 and 1980-81, in line with NATO Ministers' 1977 agreement to aim for 3 per cent real growth.

The Government's defence policy objectives will be described in the 1979 Statement on the Defence Estimates. No decision has yet been taken about the defence budgets for 1981-82 and 1982-83.

## Welfare

THE GENERAL PATTERN of social security benefits has not altered from a year ago, after the changes announced in the last Budget are taken into account.

Expenditure on social security will amount to 23 per cent of total public expenditure in the next financial year, when spending is forecast to have risen 3.1 per cent over the expected turn-out for the current year to £15.84bn in 1978 survey prices.

Expenditure on benefits in 1977-78 fell short of the projections by about £310m. Contribution to the underspend was a lower level of unemployment than assumed, a smaller than expected intake of claimants for child benefit and lower administrative costs.

Expenditure in 1978-79 is also likely to fall short of last year's White Paper projections, by more than £200m.

Unemployment is again expected to be lower than previously assumed and a considerable part of the shortfall in both years reflects the revaluation of the planning totals by higher rates of inflation than assumed.

Over the next four financial years spending is projected to expand by 7.7 per cent to £16.55bn. Benefits are assumed to maintain the same average purchasing power each year, while the broad working assumption is built in that the number of unemployed will be unchanged at 1,315,000.

The shortfalls are due mainly to delays to the starts of some major schemes and a reduction below earlier estimates of the cost of schemes in progress. In Scotland expenditure in 1977-78 was £4m, or 5 per cent below projection, while in the current year it is expected to be at the level planned in the last White Paper.

The programmes in England and Wales for 1979-80 have been reduced by a total of £35m, or 7 per cent, to reflect the lower level of commitments, but in later years they will return to the stable level forecast in the last White Paper. In Scotland the programme remains broadly at the levels set out in the last White Paper. It is planned to complete about 950 miles of motorways and trunk roads in Britain between 1978-79 and 1982-83.

Spending on motorways and trunk roads in England and Wales is expected to be some £70m, or 15 per cent, below the

projections of the last White Paper in the current year. This follows an underspend of nearly £70m in the 1977-78 financial year, at 1978 survey prices.

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## DEFENCE, OVERSEAS AID AND EEC

## On target at present

## THE U.K. AND THE EEC BUDGET

	Gross contribution	Receipts (£m)	Net contribution
1973	181	79	102
1974	181	150	31
1975	342	398	-56
1976	443	276	167
1977	737	368	369
1978	1,285	555	730
1979	1,430	650	780
1980	1,453	760	693
1981	1,715	940	775
1982	1,710	925	785
1983	1,600	720	880

have been an election before the 1981-82 figures are finalised. What it means is that the Ministry may just have to fight slightly harder next year if it wants to ensure that the NATO target is met.

The Ministry of Overseas Development has fewer worries. The White Paper confirms a steady real annual increase of 6 per cent a year in the overseas aid programme right through to 1982-83. By then, expenditure on aid should be over 26 per cent above the estimated figure for 1978-79, clear

evidence of the high priority the Government is giving to improving the programme. Nobody, however, is making any commitments as to when the UK will reach the United Nations target figure of 0.7 per cent of GNP for official development assistance. While countries like the Netherlands, Norway and Sweden have already passed the target, the UK (with 0.37 per cent in 1977) is still only just over half way there.

Spending on overseas representation will rise from

£165m in 1978-79 to £177m in 1979-80, largely because projects were postponed to await the outcome of the Think Tank's review of the diplomatic service. Military aid has risen sharply from £22m in 1977-78 to £11m in 1978-79 chiefly because of the special effort to help Zambia. A decision to apply cash limits to the net cost of passport and consular services could mean either an increased passport fee, a reduction of consular services, or a combination of both.

Estimates of Britain's future net contribution to the EEC budget confirm that Britain is likely to have to continue to shoulder a high proportion of it in the years ahead — although the figure of £850m for calendar 1983 is not as high as some previous estimates. The White Paper stresses that the estimates policies or those still under take no account of future EEC discussion in the Council of Ministers. Nor has allowance been made for the Community's forthcoming enlargement to include Greece, Portugal and Spain.

Reginald Dale

## HOUSING AND CONSTRUCTION

## A first for constructors

THE CONSTRUCTION industry yesterday welcomed the Government's attempt to provide, for the first time, a separate and detailed analysis of planned expenditure affecting its activities over the next four years. But it coupled its approval with repeated calls for higher levels of investment.

The inclusion of the separate breakdown comes in response to the industry's concerted campaign for individual treatment in expenditure programming, which it believes to be an essential weapon in its efforts to protect its own interests. The belief is that the effects of expenditure changes on construction have for too long been regarded as an afterthought and that the industry deserves a better status.

The White Paper also includes a welcome commitment by the

Government to a stable flow of future work for the construction sector, which since the last war has been plagued by damaging cyclical variations in output. It points out that half of the planned expenditure proposed in the White Paper up until 1983 will be on construction work.

Direct public expenditure in the construction sector is planned to remain steady over the next four years at about £51bn a year, although this figure does not include spending on items such as government grants and lending to finance other construction work, for example by the nationalised industries and housing associations. Including this expenditure, the total planned level of public spending on construction amounts to a little under £7bn a year until 1982-83.

Though the industry was

generally pleased with its separate treatment, it was less appreciative of the anticipated spending levels. The National Federation of Building Trades Employers said the plans represented no improvement in the industry's overall workload and that the relationship between construction and total expenditure over the next three years remained the same as projected a year ago.

The NFBE said that while last year's plans suggested a 4 per cent increase in total construction expenditure in the current financial year, this had now been revised to 2.9 per cent. In the same way, an originally forecast growth in expenditure of 1.9 per cent for 1979-80 had now been revised down to 0.9 per cent. A slightly higher than originally anticipated growth was, however, planned for 1980-

81, although the following year showed a further fall.

The outlook for civil engineers, as outlined in the White Paper, does show some improvement, with a projected 12 per cent increase in central government new works for motorways and trunk routes in 1979-80, followed by a further 8 per cent increase in 1980-81.

The move was welcomed by the Federation of Civil Engineering Contractors, which nevertheless pointed out that spending after 1981 looked virtually flat. The FECE was, however, alarmed that spending on "other environmental services"—notably such items as water and sewerage—was planned to fall back after a nominal increase this year.

Michael Cassell

## LOCAL AUTHORITIES

## Prospects for small growth

AFTER THE cut-backs of the last few years, which brought the growth of local authority current expenditure to shuddering halt and reduced the volume of capital spending by 40 per cent in four years, local councils can look forward to an increase in both current and capital spending.

But if the White Paper is to be believed, the increase will be very modest. The increase in current expenditure this year is put at 2.9 per cent while the provision for 1979-80, on which the rate support grant settlement was based in November, assumes a further increase in real terms of 2.0 per cent in current expenditure and one of 3.3 per cent in capital expenditure.

For the three following years, however, the White Paper assumes average increases of

1.2 per cent a year for current spending and 0.2 per cent for capital programmes.

Whether those local councils which have been champing at the bit will be satisfied with these figures, during a period when public spending as a whole is set to rise by about two per cent a year, is another matter. As the White Paper somewhat blandly notes, the Government intends to discuss the implications of the plans for the years after 1979-80 with the local authority associations "in the normal course of the next public expenditure survey."

To some extent the widespread Conservative local election wins in the last few years may help to keep local spending on a leash. As several studies have shown—and as the current budget preparations in several

inner London boroughs have reminded us—Labour-controlled councils tend to have a higher spending propensity than Conservative-controlled councils. The decline in the school population, which has now begun to come through, may also help to offset the effect of this has already been allowed for in the White Paper.

In the last resort, however, Ministers have no power to control local council's spending decisions. Each authority is free to vary its expenditure on the margin and to raise the extra finance from ratepayers. In the last few years Ministers have tried to induce restraint partly by relying upon their powers of persuasion and partly by improving the leverage over local spending which is afforded by the rate support grant.

This last point has been achieved partly by imposing a cash limit on the grant and partly by basing the grant upon an expenditure target derived not by extrapolating existing trends but by negotiating for a figure nearer to what the Government considers acceptable.

The more crucial question, however, is whether local councils will be prepared to limit their aggregate spending plans to the ceilings contained in yesterday's White Paper—or whether their collective perception of local needs—and Ministers' own responses to events—will lead to an upward year by year adjustment as has happened in the past two rate support grant negotiations.

Colin Jones

## EDUCATION

## The best of intentions

GOOD intentions for spending on education and associated activities in Great Britain are shown by the White Paper's projection of a 4 per cent increase in expenditure from 1977-78 to 1981-82. The rise planned in last year's document was only 3 per cent.

The differences between the two plans notionally represent additions to current expenditure of £50m to make £8.8bn in 1979-80; £42m to £9.9bn in the following year, and £39m to rather more than £10.9bn in 1981-82. But these increases not only share the White Paper figures' general liability to be cancelled by a counter-inflationary Budget in the spring, but the spending of the money also depends heavily on local authorities' willingness

to make up for their underspending of the funds supposed to have gone on education during the past few years.

Of the £50m extra for 1979-80, about £30m would depend on this co-operation by the local authorities. The same applies to about half of each of the increases of £43m and £39m now projected for the following two years.

Taken badly, the plan shows a decline in the schoolteaching force from a peak of 521,000 staff at present to 502,000 in 1982-83. But a corresponding fall in the number of school pupils from 9.9m to 8.9m nevertheless means that the ratio of teachers to children would improve over the period from 1:19 to 1:17.8.

The improvement reflects the Government's decision to continue employing more teachers than would strictly be justified by the falling pupil population, in addition to maintaining staff to cover for teachers whom it would like local authorities to send on training and re-training courses.

On school meals, the assumption of only a 5p rise in the charge to 30p later this year, again postpones the achievement of the long-standing and again repeated promise to cut the taxpayer subsidy for school meals and milk to 50 per cent.

By the Government's reckoning, which leaves out of account the £190m cost of providing free meals to poorer children

and to supervising staff, the subsidy in 1978-79 will be about 54 per cent. The inclusion of the £190m would put the full subsidy at 67 per cent.

The field scheduled to benefit most from the new projections would be the science budget, which by comparison with a 1978-79 estimate of £260m, is planned to grow by between 4 and 5 per cent. It is a secret that, if the new White Paper were to be cancelled by a spring Budget, this increase in spending on science would be the achievement which Mrs. Shirley Williams, the Education Secretary, would most regret to lose.

Michael Dixon

## DEVOLUTION

## Preparing for the aftermath

FOR THE first time devolution rears its head in the White Paper. On the assumption that both Wales and Scotland vote for separate assemblies in the referendum on March 1, the government has separated the figures for those services to be devolved. It promises that in future they will be presented in separately identified public spending programmes.

Forecasts are made for spending on devolved services forward to 1982-83 but the document is careful to explain that the amount allocated will only be settled after consultation with the Scottish and Welsh administrations.

Forecasts after 1980 can therefore only be broad estimates.

The White Paper postulates that expenditure on services to be devolved to Scotland will amount to £1.74bn in the current year compared with an English equivalent of £21.906bn. The figures are expected to rise to £2.265bn and £22.310bn respectively in 1979-80.

In Wales spending on the devolved services will amount to £1.398bn this year against an English equivalent of £21.371bn and rise to £1.453bn and £21.764bn respectively next year.

The English totals are slightly different in the case of Scotland and Wales because the coverage of spending proposed for devolution to Scotland is somewhat different from that of Wales.

In Scotland the greatest single amount—£943m this year—is allocated to health and personal public services, with education and the arts running some way behind, and housing in third place. In Scotland these three account for slightly over 70 per cent of total government spending, whereas in Wales the percentage is 77.

The White Paper shows that while the impact of North Sea oil and regional policy had a beneficial effect on the Scottish economy in the earlier years of this decade, since 1976 it has been developing broadly in line with the UK.

Both the Scottish and Welsh Development Agencies have been allocated extra funds as

forecast in the Queen's speech last November which promised that more would be allocated to them over the next five years. The SDA has received an extra £25m in real terms and the WDA £6m.

Road spending in both countries continues to be maintained at high levels. In Scotland provision is made for the completion of the motorway network in central Scotland and northern routes associated with North Sea oil, while in Wales priority is being given to the completion of the M4 motorway and the A55 along the north Wales coast.

Anthony Moreton

## EEC

THE UK net contribution to the EEC is expected to increase by 10.3 per cent in 1979-80 to £760m (1978 Survey prices). A further increase of 9.3 per cent is estimated for the following financial year.

The estimates take account only of expenditure on policies agreed at the time when the figures were finalised, with no allowance for policies still under discussion by the Council of Ministers.

## Aid abroad

THE OVERSEAS aid programme for 1979-80 is planned to be £72m, above the estimated out-turn for 1978-79, at £1.17bn, an increase of 6.6 per cent (both in volume terms at 1978 Survey prices).

The aid programme is planned to rise steadily by about 5 per cent a year between 1979-80 and 1982-83, and by the latter year is expected to be more than 26 per cent above the estimated out-turn for the current financial year.

Official development assistance from the UK expressed as a percentage of the gross national product fell slightly in 1977 to 0.37 per cent. The planned increases over the next four years are intended to accelerate progress towards the UN aid target of 0.7 per cent of GNP.

Aid was urgently deployed into bilateral channels this year due to conditions in developing countries threatening to cause severe underspending. In 1978-79 nearly half the aid programme will be in the form of bilateral aid capital, while nearly a third will be spent through multilateral institutions and about an eighth in technical cooperation.

## Health

EXPENDITURE on health is projected to rise in line with the 2 per cent increase each year for public spending as a whole.

By 1982-83 spending is expected to be £8.57bn in 1978 survey prices, an increase of 7.8 per cent from the 1978-79 financial year.

Expenditure on hospital and community health services needs to grow at about 1 per cent a year merely to allow for demographic change and to make some provision for the spread of improved medical techniques without detriment to standards in other parts of the service.

For personal social services a minimum growth of 2 per cent is needed, mainly to cater for the growing numbers of elderly and children in care.

## State industry

CAPITAL EXPENDITURE by nationalised industries is projected to rise by 8.5 per cent in volume from the current financial year to £4.1bn in 1979-80. The discrepancy is largely due to underspending in the current year of £225m compared with last year's White Paper projections.

Capital expenditure is forecast to rise by 12.4 per cent over the next four years in volume, although a dip is projected in 1980-81.

A sharp reduction in net borrowing by the nationalised industries is forecast over the next three years.

In 1978-79 total net borrowing by the nationalised industries is provisionally estimated to be

## Roads and transport

EXPENDITURE on this programme remains broadly in line with that envisaged in the previous White Paper. Next year's intended spending is almost exactly the same, at £2.57bn, as last year's White Paper projection. However, because an underspend is now estimated for the current year, spending is expected to rise 3 per cent in 1979-80 (1978 Survey prices).

The only substantial changes since the last White Paper are that provision has been made in 1978-79 and 1979-80 for additional assistance to the Port of London Authority, offset by savings on road construction.

Overall, spending on ports is estimated at £70m in the current year, and £65m in the next. The total is expected to drop to about £50m in each of the subsequent three years, all in 1978 survey prices.

Spending on motorways and trunk roads in England and Wales is expected to be some £70m, or 15 per cent, below the

## Law and order

THE PROGRAMME for law and order services has been increased in each of the next four years from the level set out in the previous White Paper. By 1982-83 spending is projected at £2.27bn in 1978 survey prices, an increase of 8.7 per cent over the estimated out-turn for the current year.

In the earlier years much of the additional provision is for an increase in staff. But in 1981-82 there is provision for an increase in capital pro-

grammes and this increase is continued in the subsequent year.

Because of the difficulty of predicting growth in police manpower following the Edmund Davies inquiry into police pay, no special provision has been included in the programme figures for the extra manpower and associated costs which may be expected but, if numbers exceed the present forecast, provision will be made for the appropriate additional expenditure.

## Education

TOTAL EXPENDITURE on education is expected to rise by only about 2 per cent over the four years, but within the total there will be significant changes.

In areas where the population will be falling, expenditure will decrease. That will be more than offset by an increase in spending on further and higher education, where student numbers are rising and unit costs are higher.

Plans for future school expenditure assume a 5p increase in the charge for school meals in the autumn, followed by the increases required to maintain the subsidy at about 50 per cent of the average cost of providing a meal.



## Companies and Markets

## UK COMPANY NEWS

# Henlys hits peak £5.7m and remains optimistic

REPRESENTING another year of sustained progress at Henlys, major-car dealer, pre-tax profits advanced 32 per cent from £4.2m to a record £5.7m for the year ended September 30, 1978, on turnover, excluding car tax and VAT, of £191.1m against £160.2m.

In June, when forecasting record full year results, Mr. Gordon Chandler, the chairman, anticipated that second-half profits would at least match the previous year's corresponding period—in the event, taxable surplus was up from £3.4m to £3.1m.

He now says figures for the first quarter of the current year indicate profits keeping pace with the corresponding period of 1977-78.

With the probability of the passenger car market continuing buoyant, Mr. Chandler remains optimistic as to prospects for the current full year.

After tax of £2.26m (£1.4m) stated 1977-78 earnings per 25p share rose from an adjusted 22.5p to 23.1p before extraordinary items, and from 35.6p to 35.2p after.

On increased capital, a final dividend of 5.1p net makes the total payment, 8.71p (£6.90p), equivalent to 13p gross, as forecast at the time of last June's rights issue.

	1977-78	1976-77
Turnover	191.1	160.2
Depreciation	1.2	1.1
Profit	5.7	4.2
Profit charges	0.5	0.4
Profit before tax	5.2	3.8
Tax	3.0	2.4
Net profit	2.2	1.4
Extraordinary credits	0.7	0.5
Available	2.9	1.9
Retained	1.1	0.7
Dividend	5.1	4.6
Surplus on disposal of properties	0.2	0.1

\* Excluding car tax and VAT. † Net of surplus on disposal of properties.



Mr. Gordon Chandler, chairman of Henlys.

The chairman reports that motor trade sectors of the group have on the whole been successful. Improved supplies of most marques, coupled with the best passenger vehicle market since 1973, ensured an increased contribution from retail passenger vehicle sales; service departments were very active and able to operate at enhanced efficiency levels.

Operations in parts departments were restrained, reflecting continuing difficulties in supply, and in the petrol market the

# Gough Cooper slumps with £0.34m housebuilding loss

REPORTING pre-tax profits more than halved at £504,000 against £1.25m in the year to September 30, 1978, the Board of Gough Cooper and Co. says the results have been adversely affected by poor performance in contract housebuilding which suffered losses of about £750,000.

Action has been taken to avoid further losses from this sector. Since the accounting date, land has been purchased at realistic prices, the Board says, and the group now has a land bank sufficient to meet an increasing private housing development programme.

Investment in plant hire activities will continue. By concentrating on the group's core activities and providing no unforeseen changes occur in the private housing sector, the Board anticipates results at least as good as the year ended September, 1977.

At the interim stage pre-tax earnings stood at £285,000 against £579,000.

In the 12-month period, the plant hire division increased its contribution to group profits for the third year in succession, and opened a new depot at Dagenham in December, 1977. Rental income from property investment increased due to rent reviews.

Turnover increased from £17.34m to £22.67m.

Stated earnings per 20p share fell from 3.05p to 2.56p, and a final dividend of 3.35p (3.35p) gives a total of 5.91p (5.28p).

During May, 1978, all of the group's freehold land and buildings including investment properties were valued, based on open market values for existing use. The aggregate value of the properties at valuation was £2.1m, giving a revaluation surplus of £4.25m which has been credited to group reserves.

## HIGHLIGHTS

Lex considers the Public Spending White Paper in the light of the present highly unstable political environment and also examines the possible impact of the proposed changes in the powers of the Price Commission. Among the companies Henlys is looking forward to a substantial release of working capital thanks to BL's new stock financing scheme. English Property Corporation, which is already subject to an offer from Dutch

group Wereldhave, has received an approach from Eagle Star. Elsewhere, Magnet and Southern has produced a sharp jump in half time profits and Anglia TV, in common with the sector, has produced another good increase. On the housebuilding front there are figures from Gough Cooper and Countryside, while Amber Day has been bolstered by a new acquisition. Baker Perkins comes up with a dividend boosting rights issue.

## Brooke Tool doubled

A SECOND half profit of £204,000 against £100,400 at Brooke Tool Engineering (Holdings) left the full year's figure to September 30, 1978, doubled at a record £324,800 pre-tax, compared with a previous £161,700.

The directors state that the current year has started satisfactorily and given reasonable trading opportunities, they are confident for the future.

Turnover for the period was up from £4.81m to £5.7m and profits were struck after interest of £82,700 (£116,400). After tax, ACT, of £46,900 (£21,000) the net balance came out at £277,900 against £140,700.

In context of last year's three-for-five rights issue the dividend is increased from a single payment of 1p to 3.5125p net per 25p share—equivalent to 3.75p gross as forecast—with a 1.4125p final.

tax profits at Whatlings, civil engineering and building contractor, from £660,873 to £862,106 in the year to September 30, 1978. Turnover fell from £20.54m to £19.29m.

Earnings per 25p share are stated at 4.51p against 7.77p and the final dividend is increased from 1.668p to 1.967p, making a total payment of 2.587p (2.568p).

## Finlas goes ahead to £415,000

TAXABLE profits of Finlas Holdings jumped to £415,000 in the 18 months to September 30, 1978, on turnover of £5.61m. In the previous year the group turned in pre-tax profits of £24,000 on £2.66m turnover.

The latest profit figure is ahead of the forecast made in July, 1978, when the group announced the acquisition of Proctor Homes, house builders and general jobbers, with effect from April 1 of that year.

The pre-tax figure is struck after interest up from £85,000 to £122,000.

The final dividend is, as forecast, 3.85p which brings the total to 11.55p after payments of 2.6p and 5.1p net per 50p share. The payment for the previous year was 2.6p. Stated earnings per share jump from 9.1p to 24.7p.

## Whatlings down by £300,000

AS FORECAST, pressure on margins in the UK and overseas has resulted in a drop in pre-

## Stockconversion sets its sights on £8m

WITH PRE-TAX revenue doubled from £2.48m to £4.95m for the six months to September 30, 1978, the directors of Stock Conversion and Investment Trust are increasing the full year target to around £8m, compared with the previous forecast made last August of about £7m.

For the previous full year, taxable revenue reached a peak £5.36m (£4.17m).

Group revenue jumped from £2.48m to £4.95m in the half-year, including substantially higher dealing profits of £1.58m against £45,000 last time.

The pre-tax result included associates' revenue up from £576,000 to £688,000, but was

struck after minorities of £593,000 (£578,000).

The net interim payment is lifted to 1.34p (0.99p) per 25p share and the directors expect to recommend a total pay out in excess of 10p per share, following last year's relaxation in dividend controls whereby increases can be related to cover.

They say the final amount will be determined in the light of circumstances then prevailing—last year's final was 1.02175p.

Half-yearly tax charge of £2.27m (£1.32m) was less than £2 per share due to substantial capital allowances and losses brought forward on some subsidiaries.

## comment

As the interim results indicated, Gough Cooper's pre-tax profits are catastrophic. Two years ago when private housebuilding activity was in the doldrums, the company moved into the competitive field of local authority and housing association contracts. Margins there are low and occasionally non-existent with the result that substantial leaving little scope for errors.

Highlights is often a cruel judge but the misfortune is compounded by last year's significant pick up in the private building sector. With only 380 unit completions, against 31 in 1977, Gough has clearly missed the boat which spurred the more speculative operators. The company, meanwhile, maintains that this was an exceptionally bad trading period and with provisions now made for all anticipated losses, housebuilding should be well back into profit in the current year. Land prices, however, are more expensive and with interest rates again high the group will be restoring its position at some cost. Meanwhile, the picture for private housebuilding in 1979 is less bright. Gough's p/e of 101 at 72p and yield of 11.6 (on a just covered dividend) discounts the expected recovery while the sector's rating is below the stock market average.

## comment

AS FORECAST, pressure on margins in the UK and overseas has resulted in a drop in pre-

# Countryside jumps to £605,000 and a further advance expected

PRE-TAX profits of Countryside Properties jumped to £605,000 for the year ended September 30, 1978 compared with £243,000 for the previous 15 months. Turnover was up by £3.78m to £12.88m.

A further improvement in profits is expected in the current year provided, the directors say, the general economic situation allows the business level of recent months to be maintained. They view the future with a high degree of optimism, looking forward to continued progress in all aspects of housebuilding and property development.

Earnings per 5p share for the year are given as 9.3p against 3.5p for the 15 months and the dividend is increased to 2.68p (1.485p) net with a final of 1.675p—the group's future dividends come under the recovery rule and need not be limited by current restrictions.

Land stocks held by the group are sufficient to meet output at present activity levels for some three years and will produce about £36m of turnover, at current selling prices.

In addition, Countryside has a contract to purchase in phases for future development a further 100 acres at Chelmer Village, Chelmsford, in Essex, directors state.

The sales position is good, they say, with more than 15m of housing now forward sold.

	15 mths	1977-78	1976-77
Turnover	12.9	12.7	9.1
Trading profit	1.4	1.3	0.8
Interest	0.8	0.8	0.5
Profit before tax	2.2	2.1	1.3
Tax	0.6	0.6	0.4
Net profit	1.6	1.5	0.9
Dividends	0.3	0.3	0.2
Retained	1.3	1.2	0.7

## comment

Countryside's share price has recently enjoyed a good run so pre-tax profits more than 200 per cent ahead (on an annualised basis) come as little surprise. Margins in the second half are almost two points higher than the first six months reflecting tighter controls and the development of better quality sites. The

other important factor during the year has been lower average interest rates which helped reduce the group's interest charge by £150,000; borrowings, apparently were also lower at the year end. Interest rates, of course, are no longer favourable and Countryside's high gearing may well prove more costly this

year. But despite the less optimistic outlook for housebuilders, the company benefits from its base in the prosperous South-East commuter belt and has a good quality land bank to take full advantage of the demand. At 53p the shares are on a p/e of 5.5 and yield just under 8 per cent.

## Arthur Lee warns on current year

EXPECTATIONS of Arthur Lee and Sons for the current year are for overall results from trading comparable with those of the past year, Mr. H. P. Forder, the chairman says in his annual report.

However, there are both national and international influences at work on the group's price and cost levels which are causing concern, the chairman says. His expectations are assuming there are no substantial labour disputes either within the group's own works or those with whom it deals.

Turnover for the year ended September 30, 1978 at £35.2m was almost identical in value with that of the preceding year. The lower sales tonnage implied and some narrower margins were responsible for most of the drop in pre-tax profits from £2.5m to £1.8m.

The tax charge is substantially below the normal 52 per cent, is due to provisions released following the sale of Aclers Alexis S.A. which are not subject to tax.

Minority interests have also shown a significant reduction due to the lower profitability of the group's bar operations.

As a result the group profit, after tax and minority interests, showed an increase upon the equivalent figure for last year. The strip and wire division's

turnover was slightly down on 1977-78.

The new year started on a stronger note, and so far as plant is concerned the group will benefit from the modernisation and conversion of one of the main mills.

The improvement in demand for ropes did not materialise, and while John Shaw's production was marginally greater than the previous year, the group was unable to achieve the price levels necessary to recoup the effects of inflation.

There is little sign of any increase in demand at the present time but determined efforts are being made to improve recent performance, the chairman says.

The three stockholding companies performed very well—collectively improving on the results achieved in the preceding year and making an overall divisional contribution which they expect to maintain this year.

At Lee Bright Bars, a weakness in orders still persists, not helped by strict American import regulations, but lightened somewhat by the opening of the Chinese market which will help materially over the next few months as hopefully beyond.

The chairman is retiring and Mr. Peter W. Lee, present deputy chairman will succeed him, following the annual meeting at Sheffield on February 8.

# Mears Brothers stops trading and asks for Receiver

THE TROUBLED construction group, Mears Brothers Holdings, is to cease trading after revealing that it has been hit by further massive losses. The group asked its bankers, Barclays, to appoint a receiver and he is likely to be named this week.

The company asked for its shares to be suspended on the London Stock Exchange. The suspension price was 15p which valued the group at £1.1m.

Nobody was available for comment at Mears yesterday but it is believed that an audit is still in progress within the group for the financial year ended September 30, 1978.

Mears is a small civil engineer and building contractor and one of many which have felt the full effects of the construction recession.

In its last reported financial year ending September 30, 1977, Mears announced a dramatic slump in profit from a record £916,000 to £110,000. In the second half of that year it had suffered a £190,000 loss.

Mears' chairman, Sir George Middleton said in his annual statement that the company had "not anticipated the unusual situation that would apply in which each of the major activities, both in the United Kingdom and overseas would all suffer a series of setbacks at the same time."

Construction in the UK had been hit by the intensity of the competition, a wet summer, problems on "certain contracts" in the building division and a road and bridge contract in the civil engineering division. Plant and equipment distribution activities had been hit by the delays in the award of North Sea oil platform construction contracts and the expansion of open cast mining operations. Pipeline products sales had been affected by the worldwide recession.

Overseas, in the Middle East, Mears' profits were substantially reduced by the inflation of its local costs and by adverse exchange difficulties.

For the six months ending March 31, 1978, things went from bad to worse: profits fell from £300,000 to a loss of £15m. No dividend was declared.

These last reported results were said by the chairman to reflect losses in all the group's operations except plant and equipment distribution.

Losses on two civil engineering contracts amounted to £1.12m, of which £883,000 represented full provision for anticipated future losses to completion of the contracts.

Overseas construction work and the high-pressure water jetting business had recorded losses of £154,000 and £344,000 respectively. "Neither appears likely to make a positive contribution to the group within an acceptable time scale, and accordingly the overseas construction operation has been closed," said the company. It was planned to sell the water jetting business.

But in spite of the mounting difficulties Mears said "the group is budgeted to achieve a trading profit in the second half, although there is no prospect of recouping all losses of the first six months."

Yesterday, Mears explained that the improvement in the trading results anticipated at the time of the interim statement had not been achieved.

In the last accounts net assets stood at 49.5p per share. Net debt was £3.1m, and three-quarters of that was a bank overdraft. Shareholders funds stood at £3.46m. Industrial and Commercial Finance Corporation (ICFC) hold a 25 per cent stake and Barclays Bank Trust Company holds about 9 per cent.

# Anglia TV rises to record £3.53m

ON TURNOVER well up from £15.76m to £20.32m taxable profits of Anglia Television Group rose from £2.67m to a record 3.53m for the year ended October 31, 1978. Profits were struck after Exchequer Levy of £3.12m against £2.32m.

At the halfway stage profits had advanced from £1.5m to £1.95m but the directors said that second half results were unlikely to match those of the first period.

In a buoyant market the group continued to increase its share of advertising revenue, and overseas sales of programmes again made a significant contribution to exports for the year.

The volume of advertising continued to increase its share of advertising revenue, and overseas sales of programmes again made a significant contribution to exports for the year.

However, despite increasing costs the current year's results should benefit from increased overseas sales and profits from non-television sources, and the directors look forward to the future with confidence.

Stated earnings per 25p share are 13.79p (13.38p) and a final payment of 2.6288p net lifts the total dividend to 4.7168p. The directors believe that no appropriation is likely to arise as a result of the company's close status for tax purposes.

## comment

Anglia's full year results—profits up by a third—are exactly what the market was expecting. Advertising revenue has been buoyant in line with other TV contractors although there are indications that this is slackening off as the retail boom subsides. Much depends on the state of the economy but export sales (including the link with Trident) promises programmes overseas, as well as the non-television interests will remain useful contributors. At 90p the shares are on a p/e of 4.6 while the yield is 8 per cent, a rating which—probably reflects the company's uncertainty.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total last year
Albion	1	Apr. 1	Nil	1.0
Amber Day	0.84p	Apr. 28	0.73	1.57
Anglia TV	2.63	May 1	2.3	4.93
Brooke Tool	1.41p	—	—	—
Countryside Props.	1.32	—	2.65	3.97
Finlas	3.85	—	2.6	6.45
Gough Cooper	3.35	—	3.33	6.68
Henlys	5.71p	Apr. 6	4.59	10.30
Lookers	1.75	Apr. 30	1.55	3.30
Magnet & Sthras	2.61	Apr. 2	2.35	4.96
J. Saville Gordon	0.5	Apr. 2	0.4	0.9
Scottish Amer. Invest.	2.05	Mar. 22	1.7	3.75
Stock Conversion	1.34	Mar. 12	0.99	2.33
U.S. & Gen. Trust	5.08	Mar. 15	4.24	9.32
Whatlings	1.97	Apr. 9	1.67	3.64
Pengaklan	3rd int. 2	Apr. 2	2.5	4.5
Idrie Hydraulic	2nd int. 3	Mar. 12	4.5	12
Gopeng Cons.	3rd int. 5.5	Apr. 2	4.5	10

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issues. † On capital increases by rights and/or acquisition issues. ‡ For 18 months.

## SGB GROUP

## RECORD PROFIT OVER £10 MILLION

Preliminary Announcement		
Year ended 30th September 1978.		
	1978	1977
	£'000	£'000
Group Turnover	93,805	79,736
Group Profit before Tax	10,682	8,247
Group Profit after Tax	9,926	6,392
Shareholders' Funds	39,974	31,040

Return on Shareholders' Funds measured by Group profit before Tax 26.7% 26.6%

Earnings per share measured by Group profits after Tax and minorities 43.76p 30.20p

\* Current tax payable has been provided for in accordance with SSAP 15.

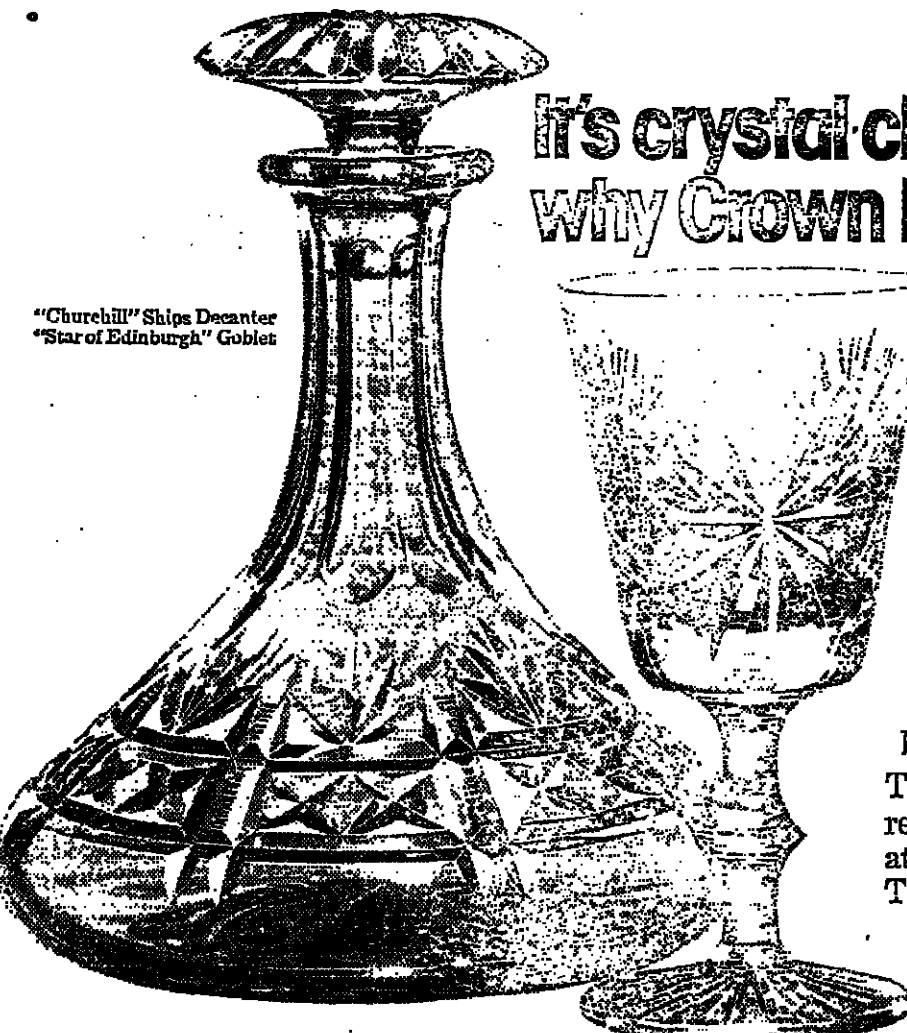
Profit: The profit before tax of the SGB Group for the year ended 30th September 1978 was another record, £10,682,000. The increase in profit has been achieved by our U.K. operations, all four of the major operating groups having improved impressively over 1977. Overseas, the profit in total is similar to last year, at £1,620,000 reflecting mainly a lower profit in the Middle East, offset by a good result in Holland and a recovery in Australia and France.

Queen's Award: During the year we were honoured to receive the Queen's Award for Exports granted to SGB Export Limited.

Dividend: At the annual general meeting to be held on 23rd March, a final dividend of 3.55p per share will be recommended, payable on 10th April to shareholders on the register on 12th March 1979. This, together with the interim dividend of 2.75p paid in September 1978, will result in a total dividend of 6.30p for the year. This represents an increase of nearly 20% over the previous year and is within the limits laid down by the Government, because the dividend cover is still greater than in any of the previous five years.

Balance Sheet: The value of stocks shown in the balance sheet has risen from £22 million to £33 million. This significant increase is mainly due to the replacement and expansion of our hire equipment which took place during the year. The whole of this growth has been financed from retained earnings and outside borrowing without increasing our gearing.

The full Report and Accounts will be posted to shareholders on Monday, 12th February 1979. SGB Group Limited, Mitcham, Surrey CR4 4TQ.



# It's crystal clear why Crown House are Britain's leading quality glass suppliers.

Our name, Crown House, is one rarely associated with glassware. Yet our Group includes Britain's most wide-spread table glass suppliers, with factories and warehouses in four locations in the United Kingdom. Far better known in the glass world is the name of our glassware division, Dema Glass, through the manufacturing of full lead crystal branded as "Thos. Webb" and "Edinburgh" and the world-wide distribution of over 100 million machine made glasses each year.

Dema Glass did well for Crown House and for Britain last year, by increasing their exports to over half their output. To find out more about the achievements of Dema Glass and the rest of our group, contact our Chairman, Patrick Edge-Parfington at 2 Lygon Place, London SW1W 0JT. Telephone 01-730 9287.

## Crown House

You may not see us, but we're there.

## Startling predictions for investors

- The US dollar to become the strongest currency in 1979
- Gold will trade at over \$300 an ounce
- The pound will be under \$1.80 by mid-year
- Commodity prices will explode

All this and a special gold report FREE

## WORLD MONEY ANALYST

The monthly newsletter with a seven-year track record of accurate forecasts. Three-month trial offer £5. Write to World Money Analyst, World Trade Centre, St Katharine By-Tower, London E1 9AT. Tel: 01-488 2400.



Companies and Markets

## BIDS AND DEALS

## FTI broadening sound reproduction side

Forward Technology Industries, the electronics products manufacturer and distributor, has paid an initial £241,730 for 26.75 per cent of the capital of Cambra Products, a designer, manufacturer and marketer of record and cassette storage equipment.

A further cash consideration, up to £250,000, is payable at a rate of £2.50 for every £1 of which the profits before tax of Cambra and its subsidiaries for the year to June 30, 1978, exceed £200,000.

The extra amount is payable after receipt of the Cambra audited accounts for the period. The acquisition is designed to

broaden the scope of activities of an existing FTI subsidiary, Metrosound Audio Products, which distributes accessories for all forms of sound reproduction plus Thorens turntables. Prior to the acquisition it also had a 49.4 per cent interest in The Tape Duplicating Co., a holding company set up to integrate its tape duplicating business with that of Trident Tape Services, a company acquired by FTI in 1975. This interest has been sold to FTI.

According to Mr. Kenneth Cobley, FTI's deputy chairman, Cambra and Metrosound will be run as two separate businesses. In the course of time we will see what co-operation comes as

a result of them working together in harness," he said.

In the year to June 30, 1978, FTI reported a total turnover of £23.9m and profit before tax of £1.37m. In the same period Cambra's pre-tax profit was £180,000 on sales of £2.03m. FTI said yesterday that unaudited management accounts indicate that sales and profits of Cambra in the five months to November 30, 1978, were in excess of those for the corresponding period in 1977.

The acquisition is the second made by FTI since its last financial year end. Purchmore Machinery, a specialist lamp machinery producer, was acquired earlier for £25,000.

## Hawker Siddeley spends £1m on Brazilian investment

Hawker Siddeley Group has purchased for £1m cash one-third of the equity of Spig, an electrical manufacturer and electrical and mechanical contractor in Brazil. Spig has been producing extra high voltage switches for the past five years to the designs of Brush Power Equipment, a Hawker Siddeley company. It is hoped that the new Hawker Siddeley financial interest in the company will enable the range of products manufactured to be extended.

Mr. K. V. Latham, managing director, and Mr. R. A. Hedges, director, of Brush Power Equipment, have been appointed to Spig's advisory council, and Dr. Helio Nicoletti, a partner in Hawker Siddeley's lawyers in Brazil, has been appointed to Spig's Board as nominee of the Hawker Siddeley Group.

**LESLIE AND GODWIN**  
F. B. Hall, Inc. of New York, Leslie and Godwin (Holdings)

and Rothschild Investment Trust, jointly announce that the Lloyds Insurance-Broking interests of the Leslie and Godwin Group, Leslie and Godwin (previously Leslie and Godwin International), and Leslie and Godwin (Underwriting), are now held 75 per cent by Rothschild Investment Trust and 25 per cent by Leslie and Godwin (Holdings).

Leslie and Godwin will continue to operate closely with the F. B. Hall Group worldwide. The Board of Leslie and Godwin will be as follows: R. W. Baker (chairman), J. G. Alston (deputy chairman), D. W. H. Smith (managing), R. N. Singer, W. R. Dolan, A. J. Tahmoussi, L. S. Wigdon, C. F. Williams.

## \$50m facility for Sime Darby

Sime Darby (Holdings) has obtained a \$50m medium-term loan facility from the Union Bank of Switzerland to pay for its bid for Guthrie Corporation. The floating-rate loan is under-

stood to be at a competitive margin.

Last summer Sime obtained loan facilities worth £75m Malaysian ringgit. Sime has drawn down only 75m ringgit of this to repay an unsecured loan stock. The new facility and the undrawn portion of the old ones amount to less than the £122m value of the Guthrie bid, emphasised a spokesman for Sime yesterday. So observers should not draw the conclusion that Sime was preparing to increase its offer.

## GEI £3.6m BID FOR MOSS ENGINEERING

GEI International, the fast-growing engineering company, is to bid £3.6m in shares for Moss Engineering Group. Terms are nine GEI shares for every 10 of Moss.

The bid was forced by yesterday's rise in the share price of Moss, said Mr. T. Kenny, chairman of GEI. He would have preferred to talk to the Moss Board before making the offer but his hand had been forced, he said. Shares of Moss rose 7p to 72p yesterday, compared to the bid value of 75p. GEI shares were unchanged at 86p.

Moss's business would be a "logical expansion" for GEI, according to Mr. Kenny, particularly in the fields of gear work, pressings, pumps and general engineering work. He hoped that his company could take measures to improve the performance of Moss.

Profits of Moss have varied between £400,000 and £1m in the last 10 years. A profit of £304,000 was made in the year to August 31, 1978, on turnover of £1.1m. The earnings of the two companies in 1969, according to Mr. Kenny, whereas in its last full year, GEI made £55m.

Mr. E. Cars, chairman and managing director of Moss Engineering said last night that his company received many approaches and he had not seen the details of this one. He would not comment until then.

The largest shareholders of Moss are Britannic Assurance with 10.9 per cent and M and G Group with 5.9 per cent.

## NEW LIFE BUSINESS

## London and Manchester writes 23% more

A successful year for life business in both the ordinary and the industrial branches is reported for 1978 by the London and Manchester Assurance. New annual premiums in the ordinary branch, including business from its subsidiary Welfare Insurance,

in life and group life business rose by 23 per cent from £3.49m to £4.31m. Single premiums on life business advanced by 50 per cent from £380,000 to £560,000. Sums assured were 23 per cent higher at £224m compared with £182m in 1977.

The company experienced buoyant sales in its pensions and annuity business, with annual premiums doubled at £980,000 against £350,000 and single premiums up 46 per cent from £450,000 to £650,000.

In the industrial branch, new annual premiums rose by 18.5 per cent from £3.02m to £3.58m with new sums assured 17.5 per cent higher at £47m against £40m in 1977.

The Pioneer Mutual Insurance Group also recorded successful trading in 1978 on both its ordinary and its industrial life business. Overall new annual premiums were 36 per cent higher at £2.5m against £1.8m in 1977. Single premium, however, declined on the year from £3.2m in 1977 to £2.7m in 1978. The new sums assured secured by these premiums advanced by 64 per cent from £38.5m to £62.5m.

Most of this growth came from the ordinary branch where new annual premiums moved ahead by 67 per cent from £760,000 to £1.27m. In the industrial branch, growth was much less spectacular, with new annual premiums increasing by 18 per cent from £1.15m to £1.33m.

**U.S. & General Trust increase**  
Income of the United States and General Trust Corporation increased from \$944,253 to £1,029m in 1978 subject to tax of \$392,709 compared with \$355,924. Franked investment income amounted to \$785,535 against \$594,720 and unfranked was \$244,061 (\$254,798).

Earnings per share are shown at 7.47p against 6.55p and the final dividend is 5.08p against a total of 6.53p compared with 5.94p. Net asset value per 25p share is 255.2p (240.2p).

## ISSUE NEWS

## Baker Perkins raising £3.5

Engineering group Baker Perkins is making a £3.5m cash call on shareholders by way of a one-for-eight rights issue at 125p each. In the market Baker's shares slipped back 5p to 155p.

Along with the issue comes a forecast of a 50 per cent increase in the dividend payout. The company's last rights issue was three years ago when it raised £2.8m by an offer of three-for-two shares. At the time Baker's shares were trading at 66p in the market.

Since then the company has recorded a marked improvement in both profits and its return on capital employed. This, the company claims, has been achieved by more effective marketing, product development, the elimination of less promising activities and modernisation of factories.

The upturn in orders, noted in the interim statement, has continued with a consequent increase in stocks and pressure on working capital. Capital expenditure in the UK is running in excess of £5m a year and a further advance is anticipated in 1979. Also Baker spent £3.5m during the last 12 months in three overseas acquisitions.

These factors are put forward as the reasons why the directors consider Baker should now raise additional capital.

At the beginning of December, Baker announced first half profits of £3.2m against £3.55m, but indicated that the full year would show a satisfactory improvement. The directors now reaffirm that the company's trading position has remained unchanged since.

A profit improvement is expected provided that industrial unrest does not cause prolonged disruption. The directors intend to pay a second interim of 4.35p per share, lifting the year's payout to 6.45p (4.3p). Morgan Grenfell is underwriting the issue and brokers are

Hoare Govett and Foster and Braithwaite.

## comment

Baker Perkins is not short of cash, so the £3.5m rights issue is somewhat surprising. It amounts to less than a tenth of the group's market capitalisation and comes at a time when it has plenty of borrowing capacity and gearing represents only 9 per cent of shareholders' funds. Part of the explanation is that the company is reluctant to step up borrowings when interest rates are rising but the main reason must be the opportunity it gives to boost the dividend; under the new cover rules it is unlikely the company would have been able to lift the payment to anything like the intended level. The money will nevertheless prove useful at a time when much more working capital is going to be needed. Meanwhile, the second half is showing a dramatic improvement in all markets and pre-tax profits of around £10m should be possible for the year—an increase of 12 per cent. In spite of the recent jump in the price—up 23 per cent since the interim figures—the shares still look attractive. At 85p the ex-rights prospective p/e (low tax charge) is 5 while the yield is 6.6 per cent.

## IAS CARGO

Dealings got off the ground yesterday in IAS Cargo Airlines—the largest UK independent all-cargo carrier. The company has raised £1m by an issue of convertible preference shares, which are free of stamp, though a full listing has not been obtained. Dealings are allowed in both the ordinary and preference shares on the unlisted securities market. The ordinary opened around 88p and closed at 89p, and the preference started trading at 120p but closed the day slightly lower at 118p.

## Montfort cash call

Montfort (Knitting Mills) is proposing to raise about £400,000 by way of a rights issue to provide additional capacity for hosiery manufacture.

The issue will also broaden the company's capital base and reduce borrowings which, at December 31, 1978, stood at £1.03m, compared with shareholders' funds of £2.7m. The issue will be on the basis of one for three at 58p, payable in full by February 26.

Montfort says that the expenditure will provide up to 20 per cent extra capacity at the Margate and Leicester factories. Also it will enhance the company's position in the UK socks market while helping to expand exports.

The issue document reports that recent trading has confirmed the progress anticipated by the directors in their interim statement.

The directors now estimate that group profits before tax for 1978 will be around £475,000, a 49 per cent increase over the previous year. The proposed final dividend will be 2.58p net for a total of 3.92p (2.40p).

At the halfway stage profits were up from £217,355 to £268,285.

## The veteran mines have a good quarter

BY KENNETH MARSTON, MINING EDITOR

THE BEST profit increases in the December quarterly reports issued by the South African gold and uranium producers in the General Mining and Union Corporation groups are, for a change, reported by the older mines.

West Rand Consolidated, which started production back in 1908, comes out notably well thanks to a good recovery in revenue from the uranium production which has given the property a new lease of life. The marginal gold operations have been helped by a higher than average bullion price received of \$322 per ounce. An even higher gold price of \$325 against a below average \$157 in the previous quarter has resulted in a good increase in earnings of the marginal Marikona mine. Grootvlei, which started up at about the same time (1938) has done particularly well in line with increased production, a higher gold price \$219 against \$201 and lower costs.

Of the younger mines, only Winkelsbaak and Kinnos have increased December quarter earnings thanks to the better gold prices. Leslie raised working

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final, and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim: British Electric Traction, Dixon's Photographic, G. R. Francis, A. and J. Gallier, Jones Street, London and Montreal Investment Trust, Provincial Cities Trust, Wellman Engineering.  
Finals: Associated Paper Industries, S. and W. Sealord, Brentnall Beard, Don Exchange, T. Cowie, Dalmeida, East Dergafontein Mines, Grand Metropolitan, Lincolnton Kilgour, Mockinnon of Scotland, Southwest United Guarantees, Vast Reefs Exploration and Mining, Vanner Estate, Western Deep Levels.

**FUTURE DATES**  
Davies Corporation Jan. 23  
Smith (David S.) Jan. 25  
Finals: Allen Harvey and Ross Mar. 7  
C.G.S.B. Jan. 26  
Imperial Chemical Industries Feb. 27  
W. Bond Corp. Feb. 8  
St. Andrew Trust Feb. 8

profits but suffered a larger increase in the tax charge. St.

Helena also increased its working surplus but the net profit is below that of the previous quarter when an insurance claim was received.

Net profits of Stilfontein have been similarly affected. Construction is ahead of schedule at the joint \$80m (£35m) uranium plant—due to be commissioned in 1980—which will extract uranium oxide from Stilfontein's surface tailings dumps, 88 per cent of the production being for Stilfontein and the remainder for Baffelsfontein.

The latest quarterly net profits are compared in the following tables.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Braken .....	1,615	1,757	1,868
Grootvlei .....	1,780	1,314	1,162
Kinnos .....	3,581	3,520	3,444
Leslie .....	1,037	1,033	1,212
Marikona .....	523	599	517
St. Helena .....	6,228	7,243	5,577
Winkelhaak .....	5,977	5,639	5,313
	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Ruifsfontein ...	11,785	11,876	\$9,977
Stilfontein .....	4,248	4,710	4,117
W. Rand Consol.	1,204	243	1,131
: After repayment of State aid.			
St. Helena .....			

## RTZ's long-term moly hope

THE Rio Tinto-Zinc group's U.S. Borax has sharply upgraded the estimated size of its big Quartz Hill molybdenum deposit, 45 miles east of Ketchikan in south-east Alaska. Last year's drilling indicates reserves of some 700m tons of ore grading about 0.15 per cent molybdenum disulphide.

These reserves, which include 500m tons grading 0.18 per cent molybdenum disulphide, are low grade. They come into the same class as those at Placer Development's Canadian Endako mine. At the upper end of the scale, the Amer group's big Henderson operation in Colorado grades around 0.42 per cent.

But the Quartz Hill orebody is bigger. Its vertical and lateral extent has not yet been delineated and U.S. Borax expects that further drilling will increase the ore reserves of what may turn out to be the second largest deposit of its kind in the world. It also has the advantage of being at, or near to, the surface and thus mineable by open-pit methods.

So far, U.S. Borax has spent

\$7m (£3.5m) on the Quartz Hill project which, on the basis of present molybdenum demand forecasts, could have annual gross sales of \$150m—\$200m over a life of about 40 years. It is reckoned that the U.S. domestic market would take about 50 per cent of production, leaving the balance for export.

But development of the potential \$400m mine is still a long way off. Indeed, its future has been placed in doubt by President Carter's recent designation of 56m acres of federal land in Alaska as national monuments. This status imposes the most restrictive land use regulations and could prohibit development of Quartz Hill.

U.S. Borax points out that in order to stabilise the value of the dollar and to fight inflation and unemployment, the U.S. must develop a sound domestic minerals policy. And a realistic first step is the passage of an Alaska National Interest Lands Conservation Act that balances the environmental and resource needs of the nation.

U.S. Borax is a wholly-owned subsidiary of RTZ Borax which, in turn, is wholly owned by RTZ.

**ROUND-UP**  
Canada's Craigmont Mines intends to extend operations at its copper property near Merritt, British Columbia, until the first quarter of 1980. Previously it was expected that the mine would close in October owing to the exhaustion of its ore.

Cenex, of Toronto, is expected to start production by the end of this month at its small uranium mine near Beaverlodge in northern Saskatchewan. An initial monthly mining rate of 8,300 tons is expected to rise to about 14,000 tons by the end of the year, the ore to be delivered to the Sideroad Nuclear plant. Cenex has a sales contract at about C\$25 per pound of uranium oxide with Swedish Nuclear Fuel Supply for the delivery of 300,000 lbs of uranium oxide over a 10-month period starting in mid-1979. There is also an option for a further 500,000 lbs in 1980-82.

## "Forecast Exceeded"

Mr. John D. Saville, Chairman, commenting on the results of the half year ended 31st October 1978 said:

"I am pleased to announce that this forecast profit for the first six months of the current financial year has been exceeded. Providing there is no major change in the economic climate, I am confident that the profits for the second half of the year will be at least as good as those shown in the first six months."

Results for the half year ended 31st October	1978	1977
Sales	10,045,813	8,474,440
Profit before Taxation	656,401	202,035
Less: Taxation	350,929	105,067
Net Profit after Taxation	305,472	96,973

An Interim Dividend of 5000 pence per share (1977 Interim 4000 pence per share) will be paid on the 2nd April 1979 to shareholders on the Register at the close of business on the 5th March 1979.

J. D. SAVILLE  
Chairman

J. Saville Gordon Group Ltd.

## Redfearn National Glass

## 'A competitive future'

The following is an extract from the Statement by the Chairman, Mr. John Pratt.

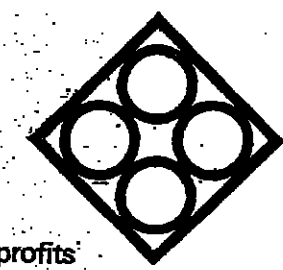
**The Year's Trading:** I have to report a reduction in profits from £4.5m in 1977 to £3.9m in the current year. However, we believe that glass containers have, and will increasingly have, a cost advantage over other forms of packaging. A notable achievement this year has been the successful launch by one of the largest customers of the 'wide mouth' bottle in the 1 litre size. The prospects of further sales of this container to the soft drinks industry are good and we are now working to achieve a similar success in the brewing industry.

**Capital Expenditure:** In the year a total sum of £9.2m was spent on capital expenditure. This sum represents by far the largest programme of investment ever undertaken by the company in one year. As was to be expected, bringing on stream three Advanced IS glass making machines of the most modern productive type available had its problems but we are sure that the performance of these machines means that the company will derive increasing benefit from them. The planned capital expenditure for 1978/79 will be at a substantially lower level than 1977/78.

**The Future:** Prospects for the 1978/79 financial year must be regarded with caution but not with apprehension. Having tackled a massive programme of reorganisation and re-equipment in 1978 we are now in a position to derive the benefits of that work. Better quality, higher productivity and a competitive marketing policy will be the foundation of our company policy for the next financial year.

Copies of the Annual Report and Accounts may be obtained from the Secretary.

REDFEARN NATIONAL GLASS, FISHERGATE, YORK, YO1 4AD.



## TRUSTEE SAVINGS BANK South East

## Record growth

Extract from the Statement made by the Chairman, Mr. R. Tilbury, M.S.E., J.P., at the Annual General Meeting held on 17th January, 1979.

The Bank has, during the year which has just ended, experienced a record growth in the cash balances due to customers which now amount to £664 million. The growth in customers' balances has more than kept pace with the rate of inflation.

Care has been taken to ensure that the reserves have grown in relation to the increase in customers' balances. Considerable importance is attached to the maintenance of a sufficient level of reserves which, coupled with the very adequate liquidity ratio maintained at all times, ensures that customers have the maximum degree of security, which they are justly entitled to enjoy.

The year commenced at a time when interest rates were falling. However, towards the end of the period they commenced to climb again. A period of rising interest rates is neither beneficial to the customers or the Bank. High interest rates however reflect the economic ills of the country rather than create the inflationary pressures which seem to be a part of the present day economy. Fortunately, at the time of the last increase in the Minimum Lending Rate, the Bank was in an extremely liquid position, which has enabled it to keep pace with the increased cost of money.

The first full year of lending to our customers has been completed. Although the amount of the credit facilities extended to customers has not been large, the success of the operation has been outstanding. The creditworthiness of customers has been truly reflected by the nominal proportion of bad and doubtful debts.

During the coming year, it is hoped that the Bank will be able to embark upon the provision of finance for house purchase. The provision of this service will enable the Trustee Savings Banks to rightly claim that they are, after some 165 years' service to the community, able to provide a complete range of financial services to the individual.

The growth in business can be measured, not only by the increase in balances, but also by the increase in activity. The number of accounts remaining open at the year end shows a substantial increase. In particular, the growth in the number of current accounts has continued to grow. It is con-



siderably predicted that, by the end of the present year, over 25% of customers will hold current accounts, a very considerable achievement when it is recalled that only twelve years ago, or so, there was not a current account in the Bank. Needless to say, such activity has caused a considerable increase in the number of transactions. Every step will be taken to handle this increased volume of business in the most economic and expeditious manner. To this end, a major upgrading of the Bank's computer system is being undertaken which will commence to become operational towards the end of the year.

The staff have played a large and important part in the achievement of the many successes of the year. They, together with the Trustees are determined that the Trustee Savings Bank—South East, with its steady expansion in growth, will continue to provide to its customers a personal service, specially created for the individual customer.



# Lookers' rise is £0.3m

LOOKERS' INCREASE IS £0.3m. RECORD pre-tax profits, as forecast, are reported by the directors of Lookers, motor vehicle distributor and engineer, for the year ended September 30, 1978. Despite a static second half, profits finished the full period at £1.72m against £1.44m on turnover well ahead at £57.27m compared with a previous £42.8m. At the interim stage profits were up from £608,849 to £853,420 and the directors said that the full year's results would be a record. They now say that an encouraging start has been made to the current year and figures so far show increased profits compared with the corresponding period last year. Attributable profits for the year were down slightly from £1.48m to £1.46m after tax of £260,876 against a 22.96% credit, and an extraordinary credit, last time, of 18.75%. Stated earnings per 25p share, before tax, are 23.2p (19.9p) and

## £1.3m seen by Saville Gordon

ANNOUNCING A jump in pre-tax profits of £1.3m, Saville Gordon Group from £302,085 to £836,401

in the six months to October 31, 1978. Mr. J. D. Saville, chairman, says that, provided there is no major change in the economic climate, he is confident that profits in the second half will be at least as good as those in the first six months.

He adds that the forecast profit of "about £800,000" has been exceeded, and it is gratifying to see this improvement despite the fact that many sectors of industry are operating at reduced levels. All companies within the group are trading profitably. The net interim dividend is raised from 0.4p net to 0.5p per 10p share. Last year's total payment was £1.625p on pre-tax profits of £753,000. Group sales in the six months increased from £8.47m to £10.06m. Engineers' merchants and stockholding contributed profits of £356,862 on turnover of £4.21m, and metal trading and scrap processing profits of £279,539 on turnover of £5.84m.

Following the first half recovery from losses of £42,000 to a £208,000 profit, Albion reports pre-tax profits of £502,137 for the year ended September 30, 1978, compared with a deficit of £38,872 in the previous year.

In their interim report, the directors were satisfied that the second six months would show a similar level of profit to that of the first half. They now say that orders on hand throughout the group are encouraging and a satisfactory current year is anticipated. However, the possibility of any improvement on the previous year's result will very much depend on the effects of the industrial unrest on the group's trading.

A final dividend of 1p makes a 1.5p total—no dividends were paid last year. The Belfast-based group trades as makers and wholesalers of outerwear for men, youths and boys. The year's tax charge is £234,874 (£73,176) leaving net

profits at £277,263 against a loss of £112,048. After minorities of £11,330 (£1,533) and debiting extraordinary items last time of £195,886, the attributable profit amounts to £265,933 against a £309,467 loss.

The extraordinary items refer to the costs of closing down a subsidiary company's factory. Last year, the surplus on the sale of factory premises of £172,793 was deducted from the closing down expenses but due to non-completion, this surplus has been cancelled by way of a prior year adjustment. The factory has now been re-sold at a higher figure and this amount will be reflected in the current year's accounts, the directors say.

**ASSOCIATE DEAL**  
On January 16 S. G. Warburg, as an associate of General Electric Company, sold on behalf of a discretionary investment client 25,000 ordinary shares at 324p.

# Albion expands Magnet and Southern up £2m in first half

INCREASED first half profits and turnover are reported by Magnet and Southern and the directors say that provided current national disputes do not prove unduly disruptive, then results for the current year to March 31, 1979 should be a record.

Turnover of this timber and joinery group in the first six months improved from £53.42m to £60.03m and profits were higher at £9.23m against £7.68m before tax of £4.46m (£3.38m). The interim dividend is effectively raised from 2.3p to 2.6055p—the total last year was equal to 5.9545p when pre-tax profit was £19.95m. The directors say sales to the home improvement market have been very good and have remained so up to the Christmas break. This section of trading

now accounts for the largest share of the group's activity. In the building trade generally, but it has been fairly steady and is expected to remain so throughout 1979.

The Board feels that the mini-boom in consumer spending will continue for several months and that this will be in the advantage of Magnet and Southern.

Following the change in the company's accounting policy adopted for 1977-78, no provision has been made for deferred taxation in the first-half figures.

The provisions of SSAP 12 regarding depreciation of fixed buildings have been adopted for the first time. Two major subsidiaries have also reported first half results. Magnet Joinery improved turnover from £21.4m to £26.52m and profits were £2.2m against £3.9m before tax of £2.44m compared with £1.87m.

Profits of Southern-Evans increased from £2.1m to £3.94m on turnover of £29.96m compared with £26.4m. Tax charge was £1.97m (£1.52m).

**comment**  
Having marked time for the last couple of years, Magnet and Southern's pre-tax profits are starting to move ahead. First half pre-tax profits are 30 per cent higher and the full year is likely to top £18m against £14m. With some 45 per cent of its sales going into the home improvement market, M & S is enjoying the current consumer spending boom which it thinks will last until well into the summer. Profits of Magnet Joinery, in particular, have benefited from the demand for

manufactured units, and volume is up by 17.18 per cent. At Southern Evans, there have been neither profits nor losses on the timber stocks and its performance has been buoyed up by the 6.7 per cent growth in the softwood consumption during 1978. This is likely to fall off in the current year but the company feels that its commitment to the added value part of the home improvement market will ensure further growth in 1979-80. At 14.5p the shares yield a prospective 6.2 per cent.

**Expansion at Melody Mills**  
FOR the six months to September 30, 1978, pre-tax profits of Melody Mills, wallpaper manufacturer, advanced from £165,000 to £200,000.

Having regard to the industrial unrest in the UK and because results can be significantly affected by the level of sales in the last months of the year, the directors consider it inappropriate to make a forecast for the full year. Last year's profits reached £519,000.

First-half turnover improved from £3.31m to £4.47m, tax took £161,000 (£86,000) and earnings per 25p share are shown to have risen from 4.5p to 8.6p. The company has announced a charge of depreciation on freehold properties and comparisons have been restated.

**comment**  
The directors say that trading continues at satisfactory levels in both the retail and manufacturing divisions, and with an increased order book the group should turn in record earnings for the full year. Last year the company made taxable profits of £1.15m on £17.22m turnover.

In October, 1978, the group took over Crombie (Wear) Holdings. Amber Day said at the time that the new group represented a significant step forward in broadening its activities and in building a base for further growth.

At the time of the takeover, the group's turnover was £1.95m, before acquisition, and £317,778 (taxable profits of £1.15m on £17.22m turnover).

Stated earnings per 10p share are up from 3.57p to 4.28p on increased capital.

**comment**  
Putting aside the new menswear acquisition, profits at Amber Day have been moving rather sluggishly at the moment. Sales have only 7.3 per cent up on a sales rise of 19 per cent. One of the problems has been a disruption caused by the move to the new factory at Middleton, which probably cost the company £50,000 of profits. However, retailing in the West of England has been disappointing. The group was probably disappointed that the larger Rayneck group

ment was a 0.65p net interim 1978-79. The group's liquidity problems have been resolved and it now has a sound financial base. The electro-plating activities, excluding motor accessories, are trading successfully, directors state, and trading problems arising in the Q2C market are not a problem, particularly in Iran and Nigeria, are being given "intensive management attention". Exports of generator sets are continuing, but difficulties experienced will have an adverse effect on profits over the next year.

Net profit for the six months came out at £27,000 against £27,000 after tax of £58,000 (£58,000). Tangible assets of £200,000 were £145,890 and pre-tax profits £52,028. The directors say the benefits of the sale will be an improvement in debt/equity ratio and a saving of bank interest.

**RTD slumps to £64,627**  
In line with the forecast last August, pre-tax profits of RTD Group slumped from £157,143 to £64,627 for the half year to August 31, 1978. Sales increased from £3.13m to £3.78m.

The directors also announce that arrangements have been made for the sale of the motor cycle accessories undertaking carried on by Motor Cycle Equipment (Stratford) to Gidney and Kirby Holdings for £270,000. This taken with the previously announced sale of the tyre distribution business, effects a substantial improvement in the directors say in the group's financial security.

The interim profit fall arose mainly from the effect on the group's exports of import restrictions in OPEC markets, and low wage economy competition, particularly affecting motor and accessory sales, they state. Due to current trading difficulties the directors deem it prudent not to recommend an interim dividend—the last pay-

ment was a 0.65p net interim 1978-79. The group's liquidity problems have been resolved and it now has a sound financial base. The electro-plating activities, excluding motor accessories, are trading successfully, directors state, and trading problems arising in the Q2C market are not a problem, particularly in Iran and Nigeria, are being given "intensive management attention". Exports of generator sets are continuing, but difficulties experienced will have an adverse effect on profits over the next year.

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# General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1978

All companies mentioned are incorporated in the Republic of South Africa

## STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,062,920 shares of 50 cents each.

Operating results

	Quarter ended	12 months ended
	31 Dec. 1978	31 Dec. 1978
Stilfontein ore milled (t)	494,000	1,958,000
Gold produced—Stilfontein ore (kg)	4,287,913	16,580,477
Yield—Stilfontein ore (g/t)	82.48	8.47
Working revenue per ton milled (R)	38.61	37.90
Working cost per ton milled (R)	12.68	10.32

Financial (R'000)

Working revenue (gold)	25,529	23,731	91,529
Working costs (gold)	19,865	18,714	74,211
Income (gold)	6,264	5,017	17,318
State aid (R)	—	—	(14)
Income on sale of acid (R)	16	20	61
Income at mine (R)	6,280	5,037	17,385
Net additional revenue (R)	387	2,803	3,817
Less interest (R)	31	33	135
Income before taxation and State's share of income (R)	6,249	7,807	21,047
Taxation and State's share of income (R)	2,387	3,097	6,115
Income after taxation and State's share of income (R)	4,249	4,710	14,932

Capital expenditure (R'000)

Capital expenditure (R'000)	1,149	466	3,123
Trade investments (R'000)	381	344	381
Dividends declared (R'000)	6,531	—	8,622
cents per share (R)	50	—	66
Loan repayments (R'000)	83	931	184
Loan balance outstanding (R'000)	338	302	838
Loan fees (R'000)	236	302	567
Capital expenditure commitments (R'000)	399	187	399
Capital expenditure for remainder of year (R'000)	—	—	3,493

Development

Advanced (m)	2,747	7,185	30,710
Sampling results: Sampled (m)	1,287	1,038	4,410
Channel width (cm)	29	25	26
Average value: Gold (cm/g/t)	1,400	1,701	1,613
Uranium (cm/kg/t)	24.04	22.96	23.63

Payable

Metres (m)	756	702	2,781
Percentage (m)	58.7	67.6	63.1
Channel width (cm)	29	25	26
Value: Gold (cm/g/t)	60.4	76.6	75.2
Uranium (cm/kg/t)	2,005	2,190	2,225
Uranium (cm/kg/t)	0.908	0.824	1.000
Uranium (cm/kg/t)	29.98	26.44	29.59

Development Summary

Three months ended 31 December 1978

	Metres advanced	Channel width	Gold	Uranium
	metres	cm	g/t	cm/g/t
Reef	1,815	1,238	28	52.8
Vaal	—	—	—	—
Ventersdorp Contact	—	—	—	—
Commonage	—	—	—	—
Livingstone	64	51	58	1.7
Totals	1,879	1,287	28	48.8

Payable Development

	Metres advanced	Channel width	Gold	Uranium
	metres	cm	g/t	cm/g/t
Reef	756	61.2	33	60.8
Vaal	—	—	—	—
Ventersdorp Contact	—	—	—	—
Commonage	—	—	—	—
Livingstone	—	—	—	—
All Reefs	756	58.7	33	60.8

Ore Reserves at 31 December 1978

	West	Toni	Margaret	Scott	Vertical	Total
	inclined	inclined	inclined	inclined	inclined	inclined
Tons	347,000	96,000	378,000	283,000	344,000	1,418,000
Value:						
Gold:						
g/t	13.14	26.27	14.52	11.88	12.45	14.02
cm/g/t	1,577	3,762	1,742	1,438	1,484	1,682
Uranium:						
g/t	0.255	0.441	0.313	0.238	0.286	0.283
cm/g/t	30.66	52.95	37.63	29.59	31.96	33.94

The following tonnages are included in the above Ore Reserves:

- (1) Unavailable ore reserves in shaft pillars, etc.: 117,000 tons at a value of 12.87 g/t.
- (2) Inaccessible ore reserves requiring opening-up operations: 1,242,000 tons at a value of 12.18 g/t.

Ore Reserve pay limit calculated at R5,731/kg (R205/oz).

REMARKS

The development rate was increased by 1,562 metres mainly in the H820 area in order to create additional stoping space. Progress on the construction of the uranium plant is satisfactory and still ahead of schedule. A separate company has been formed for this project namely Chemwell Limited in which Stilfontein Gold Mines has acquired 55% of the issued share capital and the remaining 15% has been taken up by Buffelsfontein Gold Mines.

NOTES

Development values above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial year. All financial figures are subject to audit. The black labour supply on all the mines is exceptionally good. The quarterly reports have been approved and signed on behalf of the respective companies by two directors. Copies are available from:

London Secretaries:  
General Mining and Finance Corporation Limited,  
Pancras House, 95 Gresham Street, London EC2V 7EN.  
17 January, 1979.

## BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating results

	Quarter ended	6 months ended
	31 Dec. 1978	31 Dec. 1978
Ore milled (t)	788,000	1,556,000
Ore milled by Buffelsfontein (t)	12,000	27,000
Ore milled—Total (t)	798,000	1,583,000
Gold produced (kg)	6,529,235	12,322,465
Yield (g/t)	82.86	78.52
Gold produced by Buffelsfontein (kg)	6,585,473	12,316,985
Yield (g/t)	84.0	78.5
Yield by Buffelsfontein (g/t)	7.19	7.02
Yield—Total (g/t)	9.38	8.70
Working revenue per ton milled (R)	50.98	49.76
Working cost per ton milled (R)	34.26	34.43
Income per ton milled (R)	16.73	15.34

Financial (R'000)

Working revenue (gold)	40,694	39,580	80,354
Working costs (gold)	27,338	27,437	54,775
Income (gold)	13,356	12,223	25,579
Taxation (R)	(653)	(1,088)	(1,741)
Income (gold)	12,703	11,135	23,838
Income (uranium)	7,123	7,046	14,166
Taxation (R)	(173)	(95)	(268)
Income (gold)	108	7	12
Income on sale of pyrite (R)	22	19	41
Income at mine (R)	18,780	18,179	37,959
Net additional revenue (R)	297	489	786
Less interest (R)	6	8	14
Income before taxation and State's share of income (R)	20,071	18,680	38,731
Taxation and State's share of income (R)	8,296	7,694	15,070
Income after taxation and State's share of income (R)	11,785	10,986	23,661

Capital expenditure: Gold

Capital expenditure: Gold (R'000)	3,741	6,036	8,777
Trade investments (R'000)	1,164	428	1,582
Dividends declared (R'000)	8,800	—	8,800
cents per share (R)	80	—	80
Loan repayments (R'000)	—	27	27
Loan balance outstanding (R'000)	27	73	853
Loan fees (R'000)	9,559	8,127	9,559
Capital expenditure commitments (R'000)	9,457	14,189	9,457

Development

Advanced (m)	17,418	18,088	35,506
Sampling results: Sampled (m)	1,302	1,551	2,853
Channel width (cm)	109	114	112
Average value: Gold (cm/g/t)	1,424	1,982	1,564
Uranium (cm/kg/t)	51.42	52.69	52.11

Payable

Metres (m)	816	945	1,781
Percentage (m)	62.7	60.9	61.7
Channel width (cm)	102	105	103
Value: Gold (cm/g/t)	1,835	2,174	2,017
Uranium (cm/kg/t)	0.808	0.580	0.532
Uranium (cm/kg/t)	61.17	60.82	60.98

Development Summary

Three months ended 31 December 1978

Development				
Advanced .....	(m)	17,418	18,088	35,506
Sampling results: Sampled .....	(m)	1,302	1,551	2,853
Channel width .....	(cm)	114	114	112
Average value: Gold .....	(cm.g/t)	1,424	1,682	1,564
Uranium .....	(cm.kg/t)	51-42	52-69	52-11
Payable				



## LETTERS TO THE EDITOR

## The decline of Mr. Average

Quaglin's, Bury Street, St. James's, SW, 12. United Wire, 27-Queen Street, Edinburgh, 12.

over wage increases, even though there was no breach of the law, it is prepared to give the trade-unions an even more privileged position than the

Church in the Middle Ages.  
Michael Ivens,  
Aims

40, Doughty Street, WC.

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**Self-inflicted**

## Self-inflicted wounds

From Mr. I. Bluet

Sir,—I read Mr. Rauf Faris's letter (January 12) with a mixture of pleasure and sadness.

With pleasure because it gratifies that a foreigner has the courage to praise our country in simple and sincere terms (the UK is a great place to live and work); with sadness because it takes someone from overseas to point out what we ourselves cannot or refuse to see.

Mr. Faris's main argument about the Press (and indeed the media in general I would suggest) is, alas, more than pertinent. I too have lived in many other countries and nowhere do the media concentrate so intensely on their own news as in this country. Our self-inflicted wounds are a constant source of amusement, contempt and pity among our foreign friends and enemies.

We are of course still in the aftermath of the loss of our imperial glory which, combined with our unfortunate Puritanical streak virtually totalise

of political leadership and moral fibre since the war, the abandonment of Christian values, an obsessive class jealousy has not reduced us to a nation without any other purpose than the pursuit of selfishness.

The media could do much more than they do to awaken this country and its people to the advantages of living in a free and democratic U.K. despite its problems, and to help shake all out of the steady process self-destruction which we, learning like, seem hell-bent on.

I. B. D. Bluet.

2, Barton Street,  
Westminster, SW1.

100



er. 1978.

01/10/81

**MINES LIMITED**

30th Sep 1978	1st Dec 1978	1st Dec 1978
1578	1578	
480,000	480,000	
4,220	4,220	
9-0	9-2	
RS412	RS477	
RS435	RS435	
R21-74	R21-74	
R26,047,000	R25,687,000	
R10,734,000	R10,640,000	
R15,318,000	R15,234,000	
R474,000	R135,000	
R15,782,000	R15,429,000	
	R1,180,000	
R15,782,000	R16,609,000	
R8,623,000	R9,304,000	
R6,286,000	R7,305,000	
R346,000	R815,000	
	R10,500,000	
	R1,116,000	
R1,336,000		
1,532	1,847	
406	402	
94	94	
13-0	13-4	

1,249 1,128  
on 10th November, 1978.  
8,67,000

ments	R1,254,000	
<b>FINES LIMITED</b>		
cents each.		
Quarter ended		Quarter ended
31st December		30th September
1976	1976	
255,000	240,000	
1,071	1,089	
4-2	4-5	
R25-23	R26-03	
R17-77	R18-48	
R7-61	R7-55	
R6,448,000	R6,247,000	

R4,532,000	R4,436,000
R1,814,000	R1,812,000
R104,000	R80,000
R2,018,000	R1,892,000
R1,081,000	R858,000

R937,000	R1,033,000
R17,000	
	<hr/>
R125,000	R2,240,000
	R99,000
<hr/>	
575	615
504	191
22	11
17-5	26-5
	26

State assisted mines.  
on 10th November, 1978.

**INES LIMITED**  
and development from No. 4 to 10  
metres were advanced, including  
which is being developed to effect a  
it, President Sayor.

1,303  
2,567  
60  
140  
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96%

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the same order as those reported

of rooms in the hotel is complete.

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to (on state R\$1,027,000).  
id R\$17,000

ments: \$16,501,000

the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is expected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is expected to reach 1.7 billion by the year 2015.

R1,914,000	R1,812,000
R104,000	R80,000
R2,018,000	R1,892,000

R1,081,000	R888,000
R837,000	R1,033,000
R17,000	R2,240,000
R128,000	R99,000
975	615
194	191
22	11
57.5	26.5
386	292

to State assisted mines.

on 10th November, 1978.

## INES LIMITED

ates.

and development from No. 4 to 10  
 mines were advanced, including  
 which is being developed to effect a  
 it, President Sayin.

1,303
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 the same order as those reported

of rooms in the hotel is complete.

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 NO for base R16,027,000.

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 mens: R16,501,000







## TENGMANN STAKE IN A &amp; P

## A bid for de facto control

BY GUY HAWTIN IN FRANKFURT AND JOHN WYLES IN NEW YORK

TENGMANN, the West German group which on Tuesday unveiled plans to buy 42 per cent of the U.S. supermarket chain Great Atlantic and Pacific Tea Co., traditionally shuns publicity.

The group operates a large coffee business and close on 2,000 retail outlets in West Germany and Austria, but while it is known that the Tengmann group is very large—total sales by Tengmann interests in the 1977-78 business year (ended June 30) totalled DM2.13bn—few know the top management and the German bank knows how profitable it is. Earnings figures are never published.

True to its tradition, the Tengmann management was keeping mum about its plans for A and P. At the proposed acquisition goes through. The public relations chief is in the U.S., presumably leading off the American Press, while the young woman running the Press office at the Tengmann headquarters at Muehlheim in the Ruhr, said that she did not think that anybody in the management would like to talk to the Press. She was right, they did not.

However, it is possible to make some assessment of Tengmann's performance during recent years, and hazard a guess at its plans for A and P. Among the supermarkets, the group's growth was not spectacular in 1977-78. But, according to the chief executive, Herr

Erivan Haub, just before Christmas, earnings improved as a result of rationalisation and restructuring within the group.

The main contributor to overall growth came from Tengmann Kaiser subsidiary's coffee business, and the Plus Warenhandelsgesellschaft, which reported sales up 20 per cent during the period from August to the end of the year. Among the Tengmann group retail stores, however, sales

planning to open a total of 179 new stores.

The least of Tengmann's problems in the A and P acquisition seems to be cash. The conservatively-run group should raise the \$75m without in any way straining its financial resources. It also seems clear that Tengmann expect the 42 per cent to give it de facto control of A and P. It seems unlikely that a family-

owned business in the Tengmann tradition is unlikely to settle for anything less than a free hand in the management of the ailing A and P.

expansion was much slower. They rose by just 1.6 per cent to DM2.13bn. Sales growth came exclusively from the Grosso and the large sales-space Tengmann-Markten operations. Turnover among the supermarket branches was slightly down.

However, on rationalisation and restructuring clouded the figures last year.

The number of lines carried by the supermarkets have, for instance, been cut back by some 500 items to an average of about 1,000. This appears to have significantly lowered costs, and at the same time pushed up turnover.

For 1978-79, Herr Haub is forecasting a 10 per cent sales growth, and at the same time

owned business in Tengmann's tradition would settle for anything less.

The Great Atlantic and Pacific Tea Company, universally known as A and P, is something of an American institution whose economic vitality and relevance has been waning for much of this decade. It has become an increasingly disappointing investment for its major shareholders, who have now settled for a premium of about 9 per cent above current market price to allow the Tengmann group to take effective control of the 131 year old company. The deal has also been concluded at little more than one-third of A and P's book value per share.

Significantly, one of the sellers is the John A. Hartford Foundation, created by the son of A and P founder George Huntington Hartford to support medical research. As the owner of about one-third of the company's stock in the 1960s, the foundation has been held partially responsible for A and P's reluctance to invest in new facilities and for a dividend policy which paid out nearly double the proportion of earnings of other food retailing companies.

As a result A and P entered the 1970s with too many small, inefficient stores in declining inner city areas, and a falling share of the U.S. grocery business. In 1973 it was overtaken by Safeway as the country's number one grocery chain, and a month and a half ago was nudged into third place by the Karger Group.

The foundation has since reduced its holding to 25 per cent, and in 1975 a new management was brought in under Jonathan Scott as chairman and chief executive to turn the company round. The best that can be said for Mr. Scott's efforts so far is that despite closing nearly half of the company's 3,468 stores, the fruits of reorganisation must still lie in the future. In the three years 1975-77, the company's aggregate net income totalled \$19m on total sales of close to \$2.2bn, and it has lost \$15.3m in the first nine months of its current fiscal year.

## Brighter outlook for Elkem

By Fay Gjester in Oslo

ELKEM, SPJEGVERKET (ES), the Norwegian metals, mining, engineering and engineering group, reports group profits of about Nkr 25m (\$4.9m) for 1978, before tax and allocations. This is about the same as in 1977 and 1978, in spite of a 15 per cent increase in turnover, last year, to Nkr 3bn.

The outlook is better than a year ago, however, mainly because of a recent improvement in demand and prices for the group's main products—steel, alloys, and aluminium. Outside Norway, ES operates a steel and rolling mill in Manchester, and has a 25 per cent interest in aluminium processing plants in Britain and the Netherlands. It is also a 25 per cent partner in a ferro silicon smelter now being built in Iceland.

Last year, poor results were attributed to significant losses on foreign currency loans, lower earnings by companies in the group, producing mainly finished goods for the home market and the continuing low price of copper.

Because of the "minimal" group profits, far too little has been re-invested in existing old deputy managing director, Mr. Kasper K. Kjelland, said yesterday. It would be not improve, some of the group's less profitable sectors would have to be wound up. He expected better profits in 1979, however, if the recent favourable trend on export markets continued.

Mr. Kjelland stressed that the vital role of the group's six power-intensive plants—making primary aluminium and four making steel alloys. It was thanks to them, and to the steel sector, that ES was making any profit at all.

## Shareholder favours Volvo sale

BY WILLIAM DUFFELL IN STOCKHOLM

THE BOARD of another institutional investor, the Promotion Investment Company, has decided to vote at the Volvo shareholders' meeting on January 30 in favour of the sale of 40 per cent of the company to Norway. But the Board was not unanimous and the announcement of its decision was accompanied by a blast against the Norwegian deal and the Volvo management from Promotion's chairman, Mr. Per Ekstrom.

Promotion is the 12th largest Volvo shareholder with just under 3 per cent of the stock. The manner of its decision has become a familiar pattern: a majority of a Board votes for Volvo's Norwegian deal while one strong personality publicly objects to it. The most prominent example was the National Pension Fund, whose managing director, Mr. Lemar Dahlstrom, opposed his Board's decision to back the Norwegian deal.

Mr. Dahlstrom suggested in a newspaper interview yesterday

that the SKr 230m (\$52m) which the Pensions Fund has left for stock market investment could guarantee a SKr 250m debenture issue by Volvo. Mr. Dahlstrom has previously argued that Volvo would need to raise much less than the SKr 750m equity it would receive from Norway, if it sought to meet its capital requirements on the Swedish market.

Promotion's chairman, Mr. Ekstrom, considered it improper of the Volvo management to place its 130,000 shareholders in a situation where they were forced for political reasons to vote against their convictions. The management was incompetent and should quit, he declared.

The current tactics of the Swedish Shareholders' Association (SARF) to raise sufficient support for a postponement of a decision on the Norwegian deal at the Volvo shareholders' meeting on January 30 on the grounds that more time is needed to put

together an alternative solution for the car company's capital needs. SARF hopes that some institutional shareholders, who have reluctantly agreed to vote for the agreement, would be ready to accept postponement.

Meanwhile, Volvo Petroleum, the recently-formed oil offshoot of Volvo of Sweden, and Statol, the Norwegian state oil company, have drafted an agreement to exchange know-how if Norway's planned purchase of a 40 per cent stake in Volvo becomes a reality, writes Fay Gjester from Oslo.

Under the proposed purchase deal, Volvo Petroleum would get small stakes in three Norwegian North Sea blocks. Under the draft agreement with Statol, the Norwegian oil company would train Volvo Petroleum personnel at its Stavanger headquarters. Training would cover production, marketing and transport of oil. In return, Volvo Petroleum executives would give Statol information about their experience of major project management for their parent company.

## Alitalia maintains profits on increased turnover

BY RUPERT CORNWELL IN ROME

ALITALIA, Italy's state-owned national airline, reports a modest profit for 1978, a year which also saw a drop in medium- and long-term indebtedness in both lire and dollars.

According to preliminary figures, the profit will be around L11bn (\$18m), little changed from 1977. Total revenue rose 11 per cent during last year to close at L1,000bn (\$1.2bn). The board is planning to make the maximum depreciation permitted by current tax regulations.

The number of passengers using the Italian flag-carrier

climbed by 1.2 per cent to 9.34m, while its seat occupancy ratio rose from 60.2 per cent in 1977 to 60.9.

A statement from the company board indicated that consolidated long- and medium-term debts fell from L61.7bn (\$73.5m) to L25.9bn (\$34.3m), and on the dollar side from \$18.6m to \$10.5m at the end of last year.

The board, however, stated that it would be able to finance from its own resources substantial investments to improve its fleet, including the four Boeing 727s in the process of delivery.

## IBH Holdings issues new capital

By Geoffrey Owen

IBH HOLDING AG, the German construction machinery group, has raised DM8m (\$13m) in new equity capital. This has been achieved by issuing shares with a nominal value of DM2m to a number of unnamed German industrialists: the base capital of the company has been increased from DM4m to DM6m.

The present controlling influence of the company's largest individual shareholder and president, Mr. Horst-Dieter Esch, is not altered by the capital increase.

## AUSTRIAN BANKING CHANGES

## Schoeller comes out into the open

BY PAUL LENOVAI IN VIENNA

FRANKAUS SCHOELLER, the leading Austrian private bank, has concluded an agreement with one of the country's leading financial institutions, which effectively ends its history of nearly 130 years as a private merchant bank owned and run by the large family.

The reorganisation which will take place under the deal with GZB (Genossenschaftliche Zentralbank), the central institute of the farmers' credit co-operatives, does not, however, only have repercussions within the small world of Austrian banking. It also involves significant shifts towards more concentration in the food and sugar industry, where Schoeller has interests.

The public bank will become the family company, called Schoeller and Co. Bank AG. The new Schoeller Holding AG, controlling 90 per cent of the capital of the reorganised outfit. In turn, the GZB will have a 30 per cent interest in the holding while the Schoeller family retains 70 per cent. The remaining 10 per cent of the equity will be held as before by the Girozentrale, the umbrella institute of the Austrian savings banks. These figures, however, are likely to undergo some significant changes.

To start with, Girozentrale, which since the end of 1971 has been closely linked with Schoeller, is clearly not going to be satisfied with a mere 10 per cent interest. According

to an arrangement between Girozentrale and GZB, the two banks should acquire what is called "a balanced interest" in the new public company. Thus the Girozentrale seeks to increase its holding to 25 per cent. Meanwhile, the GZB is clearly interested in enjoying a certain primacy. It is understood that it will at a later stage increase its share of the Schoeller holding from 30-34 per cent.

## Demarcation

The changes are officially ascribed by spokesmen of the Schoeller family to the new banking law, generation problems in the family and the need for institutional backing on the eve of further expansion. Under the new credit law, a clearer demarcation line must be drawn between the banks and their industrial holdings, above all in regard to management. Furthermore, provisional legal regulations tax-free capitalisation of reserves and the transfer of ownership are due to expire at the end of September 1979.

Thus under the new scheme, Schoeller Holding AG will also acquire a 25 per cent interest in Leopold-Lundenburger Industrie AG, the umbrella company for the industrial empire of the Schoeller family. This has a total labour force of 3,500 divided between the country's largest flour mill and bakery, a sugar refinery, and other interests. As the GZB, as central

institute of the farmers co-operatives already possesses a 30 per cent interest in Leopold-Lundenburger and controls Austria's largest sugar group, it has virtually full control over the Austrian sugar industry.

Troubles in the Schoeller industrial empire are, in fact, generally regarded as perhaps the main reason for the current reorganisation. The liquidation of the Voelauer Kammgarnfabrik, a textile concern previously controlled by the Schoeller family, has cost the family an estimated Sch 140m to Sch 160 m (\$11.8m). The food concern (VNT) is also in the red and badly in need of a revamped management.

The bank has doubled its balance sheet total between 1972 and 1977 to Sch 5.5bn and is also successfully engaged in international business. Regardless of the impending changes, Schoeller will continue to operate as a kind of private bank and at the same time as the merchant banking arm of the Girozentrale with consolidated balance sheets of over Sch 60bn and Sch 100bn respectively.

The GZB will initially invest some Sch 150m in the new enterprise. The nominal capital of the Schoeller bank will be probably Sch 130m. But the details about the size of the holding company's capital and reserves will be worked out during the next few months.

The reorganisation will not affect Gebroeder Schoeller, the family-owned trading company

## Front-runners

It is believed that well-known Swiss and British banks are the front runners, although talks are also going on with potential Dutch and German partners. The Schoeller family would clearly like to maintain an optimum degree of independent decision-making. It is doubtful, however, whether the two major partners, GZB and Girozentrale, will be willing to share power and future profits with a foreign newcomer.

But regardless of the future changes in the capital structure, the reorganisation puts an end to an interesting chapter in Austrian banking history and to the independence of the Schoeller Bank which was founded in 1833 by Alexander von Schoeller.



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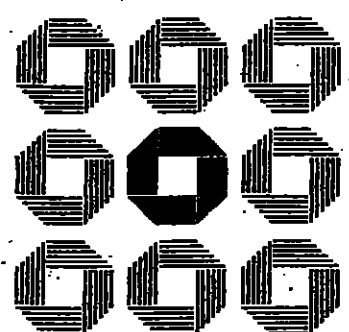
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## Montedison issues fully subscribed

BY PAUL BETTS IN ROME

WHAT IS perhaps the largest ever funding operation in recent Italian corporate history involving L375bn (\$847m) has now been completed with the announcement by Montedison, the Milan-based chemical and synthetic fibres conglomerate, that its L200bn rights issue and L175bn bond issue had been entirely subscribed.

Apart from the Rome financial company Bestolgi, Montedison's other large private and state shareholders subscribed to their quota of the four-for-three rights issue involving the issue of some 1.16bn new shares with a nominal value of L175 each. These shareholders are also reported to have agreed to take up their quota of the bond issue.

At the same time, the Paris-based Banque Arabe Internationale d'Investissement acting on behalf of a number of Arab interests understood to be led by the Saudi Arabian financier Mr. Corbi Pharaon, has now officially become a major shareholder in the Milan group by subscribing to some 204m new shares and an equivalent quota of the bond issue for an overall value of about L50bn the Arab interests have acquired a 10 per cent stake in the Italian company.

However, as widely expected, Montedison's small private shareholders subscribed to barely 107m new shares. The company's share price has dropped from L1,000 to a present level averaging L170, a dividend has not been paid since 1974 and the company's losses for last year are expected to be well in excess of L200bn.

A consortium of leading Italian banks led by the Milan medium-term credit institute, Mediobanca, which had agreed to underwrite the issue, has thus been forced to take up nearly half the issue by subscribing to some 561m new shares.

Montedison also confirms that a trading company, jointly controlled by the Italian group and its new Arab shareholders, has been established. This will concentrate its activities on the sale of raw materials, especially oil. Montedison's current oil requirements are put at between 5m and 6m tonnes a year.

But the proposed sale to the Arab shareholders, who will now sit on the Montedison controlling shareholding syndicate to be renewed at the company's annual meeting in April, of a 20 per cent stake in Fininvest has been postponed for six months.

This is understood to follow reluctance on the part of the Arab shareholders to take up this stake in Montedison's financial and insurance group in view of the Italian company's intentions to sell its entire holdings in Fininvest together with a number of other assets to ease the burden of its debts of more than L3,000bn. Before committing themselves to this part of the deal with Montedison, the Arabs apparently want to see who will eventually acquire Fininvest.

At the same time as substantially increasing its capital in the face of the company's crippling losses and accumulated debts, Montedison plans to reorganise the parent company, Montedison SPA, into a financial holding which will control its various operations in about seven separate operating companies. The new operating companies will attempt to rationalise and concentrate their activities in specific sectors like, for example, basic petrochemicals and plastics.

This reorganisation programme, which is expected to involve a top management reshuffle reducing the number of members currently sitting on the Montedison board, follows the pattern of the recently completed reorganisation of the Turin car conglomerate, Fiat. A holding company now controls all the activities of the Turin group diversified in 11 operating companies.

But the key rationalisation of Montedison activities in the heavy loss-making synthetic fibres sector by incorporating the various fibres operations of the company's two subsidiaries, Montefibre and Snia Viscosa, into a separate concern called Snia Fibre is still blocked.

## MEDIUM-TERM CREDITS Mexico negotiates improvement in terms

By Our Euromarkets Staff

MEXICO is negotiating a major improvement in the terms of its international bank borrowing in the Euro-currency markets.

The state electricity concern Comision Federal de Electricidad is seeking a \$300m loan with a maturity of up to 12 years. While the emerging central American oil producer has been enjoying much better access to the international credit markets, its loans so far have been confined to a maximum 10 years' duration.

For instance, a credit for the state development agency, Nacional Financiera last month had a maximum term of 10 years. This loan was well received, and was increased in size to \$600m from \$500m.

The new credit will probably carry 10 and 12-year tranches, at spreads ranging from 1 per cent to 1 per cent over interbank rates.

Final conditions are being discussed with the American and European banks competing to win the mandate to assemble the deal.

Meanwhile, Orion Bank is arranging an \$80m 12-year credit for Alcan Aluminio do Brasil. Terms include a spread of 1 per cent to 8 per cent for the first four years, and 1 per cent thereafter.

The next large credit for Brazil is expected to be a \$350m package for the state airline, Varig for the purchase of U.S. aircraft. At least \$100m will be provided by the U.S. Export-Import Bank.

The Euromarket banks are still encountering a high level of refinancing of past loans by many borrowers.

The Italian state energy agency, ENI has informed Deutsche Bank, the lead manager of a \$200m loan completed in autumn, 1977, that it intends to partially to prepay the facility. At the same time, ENI plans to raise a fresh loan at better margins.

## IRAN DEBT

## Banks make further review

BY JOHN EVANS

INTERNATIONAL banks are being asked to make a further review of part of Iran's foreign debt. Bankers participating in two Eurocurrency loans totalling \$320m to the semi-state Industrial Credit Bank of Iran, are being asked to review the terms of the credits after the severe Iranian economic and political disruption.

This follows a similar poll recently by Chase Manhattan Bank among the 20 or so banks which assembled a \$100m loan for the same borrower in 1976. As has been reported, the majority of banks decided not to declare this credit as in

default—after reviewing a specific clause in the loan agreement. This provision gave them the right to call for immediate repayment, if it were determined that conditions in the country had changed sufficiently since the loans were advanced.

While replies have not yet been received, bankers expect that a similar attitude will be displayed by most participants in the two latest credits.

Chase Manhattan, which is also the agent for the two loans, sent telexes mid-week to about 40 U.S., European and Japanese banks which had advanced the

funds. These comprise a \$200m facility arranged in 1978, and a \$120m loan dating back to early 1977.

Chase is taking its new action partly because of the technical cross-default provisions contained in most syndicated loans. Under this, a declaration of default on one loan automatically triggers a similar situation in associated facilities.

Industrial Credit Bank has been among the most active Iranian institutions borrowing in the Euromarkets. This week's poll is therefore regarded as a further test case for the country's Euromarket debt.

## Amatil pays more following bigger profits on tobacco

BY JAMES FORTH IN SYDNEY

THE DIVERSIFIED industrial group, Amatil, in which British-American Tobacco of the UK holds about 39 per cent, has raised U.S. dividend for the second successive year, after a 23 per cent increase in earnings, from A\$24.09m to A\$29.7m (US\$33.7m), in the year to October 31.

The result from the tobacco, pastoral, packaging and food group, is almost double that of two years ago. Most of the increase was recorded in the second half, when profit jumped by 43 per cent, from A\$11.33m to A\$16.28m. Earnings in the first six months rose only 5.3 per cent.

The directors have raised the final dividend from 8 cents a share to 9 cents, taking the year's payout from 16 cents to 17 cents. Last year the dividend was lifted from 14 cents.

The directors cited a number of factors behind the improvement. These included a small, but welcome, increase from the tobacco products division over

the 1977 record profit, despite intense competition and the large increase in excise duty in the Federal Budget, last August.

Results from the soft drinks and snack foods divisions, it was said, were particularly pleasing, while the T.A. Field meat processing division made a very satisfactory regarded contribution in its first full year as part of the Amatil group.

The directors added that there was a marked improvement by the frozen vegetable division, which was, however, still not profitable, while higher cattle prices brought about a better result from the pastoral division.

The higher profit was achieved despite the exclusion of profits from the Golden Poultry Group, following a capital reconstruction which reduced Amatil's investment to 49 per cent of the ordinary capital, making it no longer a subsidiary. Golden Poultry contributed A\$963,000 to the 1977 result and would have

contributed A\$1.5m if it had been included in the 1977 profit.

The profit increase was achieved on a rise in sales of only 9.5 per cent, from A\$97.3m to A\$96.6m.

The result excluded extraordinary losses of A\$2.56m, which included a loss of \$1.37m written off intangible assets, a provision of A\$719,000 against an advance to an associated company and an A\$823,000 net loss on sale of investments. The losses were only partly offset by a gain of A\$960,000 from exchange rate fluctuations and a A\$571,000 profit on the sale of subsidiary companies.

During the year, Amatil disposed of its investment in the Victorian brewery, Courage Breweries, and more recently sold some of its pastoral investments. The partly-owned subsidiary, Fibre Containers, recently purchased the fibre packaging business of Australian Consolidated Industries for more than A\$13m.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1977	106.3	102.3	106	104.3	234.2	1.413	151
3rd qtr.	106.3	102.3	106	104.4	239.4	1.431	157
4th qtr.	105.9	102.1	106	104.4	239.4	1.431	157
1978							
1st qtr.	107.1	102.5	108	106.3	236.0	1.409	188
2nd qtr.	111.1	105.0	105	108.0	254.5	1.367	213
3rd qtr.	110.6	104.8	113	110.8	267.5	1.380	213
June	111.5	105.9	99	108.7	257.2	1.365	217
July	111.3	105.3	109	111.4	265.8	1.371	211
August	111.4	105.6	109	111.8	270.3	1.392	209
Sept.	110.7	104.5	120	109.6	267.2	1.378	219
Oct.	109.3	103.3	120	109.6	267.2	1.360	228
Nov.				109.9	269.1	1.339	231
Dec.				113.0		1.331	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile etc.	Housg. starts
1977	104.3	98.7	116.5	99.9	107.5	101.3	25.4
3rd qtr.	104.3	98.7	116.5	99.9	107.5	101.3	25.4
4th qtr.	104.3	98.7	116.5	99.9	107.5	101.3	25.4
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.5
2nd qtr.	107.9	99.2	122.9	100.7	108.2	95.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	108.2	95.4	27.1
4th qtr.	107.1	100.5	122.4	101.6	108.2	95.4	27.1
August	107.0	101.0	122.0	102.0	93.0	104.0	20.3
Sept.	107.0	101.0	122.0	102.0	101.0	101.0	24.5
Oct.	106.0	98.0	122.0	98.0	101.0	99.0	24.4
Nov.							20.1
Dec.							

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. starts
1977	117.6	102.7	-	+591	-657	102.4	20.39
4th qtr.	117.6	102.7	-	+591	-657	102.4	20.39
1978							
1st qtr.	119.5	114.1	-635	-406	-637	104.8	20.63
2nd qtr.	122.0	110.3	-115	+133	-393	104.6	16.75
3rd qtr.	125.3	116.1	-334	-18	-307	105.3	16.55
4th qtr.	126.2	115.1	-40	+400	-482	106.1	15.77
August	124.4	111.3	-49	+155	-96	105.7	16.4
Sept.	125.1	120.8	-233	-128	-191	105.5	16.31
Oct.	127.1	119.9	-100	-100	-100	105.3	15.97
Nov.	124.6	120.3	-188	-66	-161	106.6	15.67
Dec.	126.7	113.0	+126	+246	-189	106.3	15.69

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (2m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE %	BS inflow	HP lending	MLR %
1977							
3rd qtr.	280.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+688	1,639	1,189	7
1978							
1st qtr.	24.3	22.8	17.5	+1,791	1,549	1,260	6
2nd qtr.	24.5	15.7	24.6	+2,624	694	1,393	10
3rd qtr.	16.8	8.3	8.6	+523	748	1,427	10
August	5.7	1.6	1.7	-292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.8	5.3	1.8	+535	363	469	10
Nov.	12.3	10.6	9.8	+106	261	505	12
Dec.					254		12

INFLATION—Indices of earnings (Jan. 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.	Wholesale mfg.	RPI*	Foods	FT* comdty.	Strig.
1977							
4th qtr.	119.9	142.3	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	146.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	148.3	151.8	195.8	203.8	242.37	61.5
3rd qtr.	133.2	146.9	154.8	199.2	206.2	233.74	62.4
4th qtr.	131.7	147.0	157.3	202.6	208.0	237.69	63.0
August	131.7	144.2	157.3	199.4	206.2	248.54	62.4
Sept.	134.2	144.2	157.3	200.2	206.3	253.74	62.7
Oct.	135.2	145.7	156.6	201.1	205.6	265.22	62.5
Nov.	136.0	147.5	157.1	202.3	207.9	265.63	62.3
Dec.		148.0	158.3	204.2	210.5	267.69	64.0

\* Not seasonally adjusted.

## Smit to reduce dividend

BY CHARLES BATCHELOR IN AMSTERDAM

A SECOND poor year for the Dutch ocean towage and salvage group Smit Internationale has forced a cut in dividend to Fl 2 per share from Fl 3.60. Net profit for 1977-78 was more than halved in the Smit's second year as a publicly quoted company to Fl 16.1m (\$80m) from Fl 35.4m.

The dividend, to be paid in cash, is equivalent to 47 per cent of the net result for last year, which ended September

20, compared with 38 per cent in 1976-77. Turnover was broadly unchanged at Fl 437m (\$227m).

Smit faced tough international competition in almost all of its fields of operation. Prices in the ocean towing division were particularly poor in the final months of the year. The weakness of the dollar and related currencies as well as the high level of costs in Holland also affected operations.

## Another record year for AMP

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN MUTUAL provident Society, the largest life office in the country, lifted its sales by A\$230m to A\$6.51bn (U.S.\$7.4bn) in 1978, making the 35th consecutive record year for the society.

Ordinary sales rose by 6.2 per cent, or A\$193m to A\$3.3bn, but superannuation business showed little growth. New sums insured under superannuation plans brought the total superannuation sales to \$3,066m, which was described as substantially the same as the 1977 record figures. Collector sales rose 66 per cent to A\$122m, resulting from a new temporary benefit introduced last year.

Individual term insurance amounted to A\$1,466m, or 11.7

per cent higher than in 1977. Annual income on all business, however, dipped 2.3 per cent to A\$127m with ordinary business figures up 3.6 per cent but superannuation down by 4.3 per cent.

General manager of the AMP, Mr. K. W. Steel, said that the investment merits of the society's life policies were becoming increasingly apparent, and predicted that there would be a return to basic life insurance as the best means of long term saving.

He said that many of the society's major investments over the past decade had been in projects where long development periods must elapse before income was generated. The AMP was only now starting to reap the full benefits. Coupled

with the portfolio of listed ordinary shares and the real estate holdings, the AMP had every reason to be confident. Its policies were backed by an equity portfolio with a great potential for growth, Mr. Steel added.

On the economy, Mr. Steel said that Australia moved into 1978 with its relative cost structure improved, and with a sense of greater optimism in the business outlook. "Given a reasonable upturn in world conditions, and our customary little bit of luck, we will start the next financial year in an economic climate which is characterised by rising confidence and by renewed recognition of the high potential for sound economic development which Australia offers."

Weekly net asset value  
on January 15th, 1979

Tokyo Pacific Holdings N.V.  
U.S. \$65.81

Tokyo Pacific Holdings (Seaboard) N.V.  
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	PRICE INDEX	10/1/79	9/1/79	YIELD	10/1/79	9/1/79
DM Bonds	104.0	104.5		6.998	6.944	
Wt. Bonds & Notes	99.3	99.2		8.372	8.491	
U.S. 5 Yr. Bonds	95.3	95.2		9.909	9.668	
Can. Dollar Bonds	95.17	95.1		10.781	10.77	

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October, 1978

## Inchcape in joint venture to exploit Sabah timber

BY WONG SULONG IN KUALA LUMPUR

AGREEMENT has been reached in principle between Inchcape Berhad, Malaysian and Kuwaiti interests to form a joint venture company to exploit 300,000 acres of timber concession in the interior of the East Malaysian State of Sabah.

The project, which would involve investments of up to 100m ringgit (US\$45m), would include the construction of a 100-mile road from the west coast to Sapulut in the interior, not far from the Indonesian border.

Partners with Inchcape Berhad are the Masrah Company, owned by the Sarawak businessman, Mr. Wee Boon Ping, and the Kuwait Timber and Trading Manufacturing Company.

Mr. Roy Davies, chairman of Inchcape Berhad, said that the Kuwait company would send its

representatives to Malaysia next month to finalise the deal. He said the project would include major mill and timber processing factories, and that it would contribute significantly to the state's development, because the road would open up a vast area of Sabah's interior.

The Inchcape Group, he said, was also looking into other investment prospects in Sabah, particularly those related to natural resources. The Inchcape project is the second major timber-related venture being discussed with the Sabah Government in the past few weeks.

A fortnight ago, Tun Tan Siew Sin, chairman of Sime Darby, and representatives of the Indian business house, Birla, held discussions with the Chief Minister, Datuk Harris Salleh, on plans to set up a rubber and pulp factory in the state.

## Good start to year at Kiwi International

By Our Sydney Correspondent

THE PHARMACEUTICAL and household products group, Kiwi International has made a promising start to 1978-79. The chairman, Sir Thomas Ramsay, told shareholders today at the meeting in Melbourne that both sales and profitability for the first quarter of the current year, to August 31, were ahead of those for the previous period last year.

He forecast that the year would again be satisfactory for Kiwi despite difficult trading conditions in most countries in which the group operated.

Kiwi rationalised some of its operations during 1977-78, and Sir Thomas indicated that changes would continue where practicable during the current year.

In 1977-78 Kiwi lifted its profit by 42 per cent to A\$3.7m (U.S.\$4.2m).

## Thailand proposes Y10bn bond

The Japanese Finance Ministry is considering a Thai Government proposal to issue a bond of about Y10bn (\$51m) through public placement on the Japanese capital market, Reuters reports from Tokyo.



Financial Times Thursday January 18 1979

# CURRENCIES, MONEY and GOLD

## Dollar weakens despite support

The U.S. dollar tended to fluctuate in yesterday's foreign exchange market, and ended somewhat down from Tuesday's closing levels. In early trading the U.S. unit looked distinctly weaker following reports of the Bundesbank's apparent reluctance to continue supporting the dollar on the same scale as last year. However, a later statement reasserting the Bundesbank's intention to maintain an unchanged intervention policy, helped the U.S. unit to recover. During the afternoon this trend was reversed before assistance from the Federal authorities helped it to stabilise.

Against the D-mark, the dollar sank to DM1.8260 before the Bundesbank statement. It then rose to DM1.8360 soon after, touched a high point of DM1.8460 and closed at DM1.8425, still down from Tuesday's close of DM1.8455. In terms of the Swiss franc it fell to Sfr1.6520 before closing at Sfr1.6712, compared with Sfr1.6890 previously. On Morgan Guaranty figures at noon in New York, its trade weighted average depreciation widened to 9.0 per cent from 8.3 per cent. Using Bank of England figures, the dollar's index fell from 83.9 to 83.7.

Sterling reacted to the dollar much in the same way as other major currencies and its trade weighted index improved to 63.4 from 63.3, having stood at 63.4 all day. After opening at \$2.0065-2.0075, the pound reached \$2.0150 on dollar weakness but fell to \$2.0040 during the afternoon on Fed intervention. Sterling closed at \$2.0060-2.0070, a rise of 40 points from Tuesday's close.

FRANKFURT — At the fixing the dollar fell to DM 1.8360, well down from Tuesday's level of DM 1.8560. The Bundesbank intervened at this stage for the first time this week, by buying over \$7m. After reports that the Bundesbank did not intend to continue supporting the U.S. unit on an unlimited scale, it dropped to DM 1.8270. However, a later statement by the Bundesbank reaffirming an unchanged

intervention policy helped the dollar to stabilise. Further support by the Bundesbank pushed the dollar firmer in afternoon trading, and it closed at DM 1.8445. There was a feeling in some quarters that its decline may have been overdone and its late upward trend was possibly assisted by intervention from U.S. Federal authorities.

MILAN — In line with its performance in other financial centres, the dollar fell sharply yesterday to be fixed at L832.90 against L839.2 on Tuesday. The continued uncertainty in the Italian market appeared to be having a slightly depressing effect on the U.S. currency. The Swiss franc improved to L500.09 from L495.25 in line with a general improvement against the lira by most European currencies.

ZURICH — In rather hectic trading the dollar continued to lose ground despite Bundesbank assurances that its policies on intervention were unchanged. The U.S. unit touched Sfr1.6530 during the morning, picked up to Sfr1.6675 and then eased back to Sfr1.6665. Market sources seemed to paint a rather gloomy picture for the dollar, with confidence remaining low.

AMSTERDAM — The dollar was fixed at F1.9820 yesterday, down from Tuesday's level of F1.9925. In later trading the U.S. currency improved to F1.9893. TOKYO — The dollar fell sharply against the yen yesterday and closed at ¥196.75 compared with Tuesday's level of ¥197.95. After opening at ¥196.70, the U.S. unit sank to ¥196.40 following on its poorer performance in Europe and New York. Confusion over the Bundesbank's intentions on further large intervention to support the dollar helped push the U.S. unit lower. However, there did not appear to be any intervention by the Bank of Japan, with demand for the settlement of import payments preventing any further fall. Trading was described as moderate with turnover in the spot market at \$450m, forward trading at \$145m, and swap dealings totalling \$700m.

THE POUND SPOT				FORWARD AGAINST £			
Jan. 17	Jan. 16	Day's Spread	Close	One month	Three months	Six months	One year
U.S. \$	1.8425	2.0060-2.0070	2.0065	0.864-0.865	0.865-0.866	0.866-0.867	0.867-0.868
Canadian \$	1.14	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Deutsche Mark	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Swiss franc	1.65	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
French franc	1.65	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Italian Lira	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Japanese Yen	196.75	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Australian \$	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
New Zealand \$	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
South African Rand	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Port. Esc.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Spanish Pes.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Irish P.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Belgian F.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Danish K.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Norwegian K.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Swedish Kr.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Austrian Sch.	1.84	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Yen	196.75	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50
Swiss Fr.	1.65	2.3880-2.3920	2.3900	0.50-0.50	0.50-0.50	0.50-0.50	0.50-0.50

THE DOLLAR SPOT AND FORWARD							
Jan. 17	Jan. 16	Day's spread	Close	One month	%	Three months	%
Canada	1.0898-1.0910	1.0907-1.0910	1.0909	0.0891-0.0914	-1.07	0.02-0.06	0.04
Netherlands	1.9745-1.9755	1.9748-1.9756	1.9751	0.07-0.32c	1.01	1.91-1.96c	1.01
France	1.6500-1.6510	1.6500-1.6510	1.6505	0.00-0.01	0.00	1.6500-1.6510	0.00
Denmark	1.0975-1.1025	1.1020-1.1225	1.1025	0.00-0.02	4.10	1.00-0.02c	2.50
Germany	1.8400-1.8410	1.8400-1.8410	1.8405	0.00-0.01	0.00	1.8400-1.8410	0.00
Italy	46.45-46.75	46.40-46.75	46.75	30-40c	0.00	85-120c	-7.50
Spain	69.57-69.86	69.71-69.75	69.75	18-20c	-4.52	76-87c	-4.52
Sweden	1.8400-1.8410	1.8400-1.8410	1.8405	0.00-0.01	0.00	1.8400-1.8410	0.00
Norway	1.8400-1.8410	1.8400-1.8410	1.8405	0.00-0.01	0.00	1.8400-1.8410	0.00
Japan	196.75-196.85	196.69-196.80	196.80	1.1-1.20c	0.00	2.30-2.10c	1.00
U.S.	1.0000-1.0000	1.0000-1.0000	1.0000	0.00-0.01	0.00	1.0000-1.0000	0.00
Switzerland	4.3230-4.3240	4.3240-4.3240	4.3240	0.00-0.00c	2.49	0.00-0.00c	2.67
Greece	195.15-197.00	195.15-197.00	197.00	0.00-0.01	0.00	195.15-197.00	0.00
India	15.15-15.15	15.15-15.15	15.15	0.00-0.01	0.00	15.15-15.15	0.00
Indonesia	1.6885-1.6910	1.6910-1.6910	1.6910	1.1-1.40c	0.00	1.68-1.40c	0.00
South Africa	1.6885-1.6910	1.6910-1.6910	1.6910	1.1-1.40c	0.17	4.44-4.48c	10.90







Rain boosts  
Indian crop  
prospects

NEW DELHI—Two days of rainfall this week, which ended a prolonged dry spell in Northern India, have improved winter crop prospects. Food Ministry sources said here yesterday.

If there are further rains in late February, this year's harvest would probably exceed last year's record 4.7m tonnes, which included 3.1m tonnes of wheat, they said.

The long dry spell and a shortage of diesel fuel were causing some concern in the food and agriculture industry, they added.

The Commerce Ministry said meanwhile that India would allow private traders to export wheat products at up to 50,000 tonnes this year.

Such exports were usually channelled through the state trading corporation (STC).

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Australia seeks  
improved EEC  
beef access

PARIS—Australia is pressing France for better access to the Common Market for Australian beef.

Victor Bernard, Australian Minister for Special Trade Representations, had talks with M. Pierre Bernard-Raymond, French Secretary of State for Foreign Affairs, and M. Pierre Ménégaud, Agriculture Minister, on boosting trade, earlier this week. He also discussed the multilateral trade talks which are now in their final phase in Geneva.

Mr Bernard emphasised Australia's desire to get an improvement for the relatively small access to France, Britain and the other EEC countries for Australian commodities such as beef, cheese and primary products, Australian officials said.

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Carter nominee  
ready for U.S.  
commodity post

WASHINGTON—Mr. James M. Stone, Massachusetts State Insurance Commissioner, plans to accept the job of chairman of the U.S. Commodity Futures Trading Commission, if the Senate approves his nomination by President Carter.

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Lead market falls again  
as buyers back away

By JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES fell back on the London Metal Exchange yesterday amid a welter of rumours of new supplies coming in to relieve the current shortage and lingering suspicion about possible Government interference to cool the market down.

Buyers stayed out of the market, and stop-loss selling against previous purchases pushed the cash price down by 5.5d to 249.5s a tonne, more than 240 above the record level reached on Monday.

Some idea of where the rumours started came when Chloride, the big battery manufacturing group, confirmed it had approached the Government in the form of the Department of Industry to express its concern about the steep rise in lead prices.

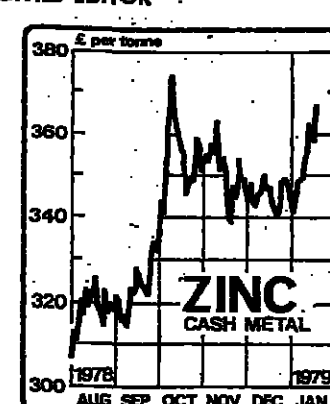
The company asked whether any action could be taken to damp down prices and alleviate the shortage of supplies. It suggested that the U.S. Government might be approached to release lead from its strategic stockpile.

No mention was made, unlike 1977, about speculators forcing prices up artificially. No response has yet been received from the Department, and it is difficult to see what it could say in any event.

The possibility of releases from the U.S. stockpile are remote. Lead held by the stockpile is below the required objective, so if anything in the future the stockpile will be a buyer rather than seller of lead. Any release would have to be authorised by Congress.

No mention was made, unlike 1977, about speculators forcing prices up artificially. No response has yet been received from the Department, and it is difficult to see what it could say in any event.

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ZINC CASH METAL

AUG SEP OCT NOV DEC JAN

1978 1979

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sought to buy lead there in recent weeks have met with little success, even though U.S. prices have been below those in Europe.

Some purchases have been made, but these are not sufficient to account for reports of large shipments coming into warehouses. However, it is believed that increased supplies of scrap lead are finally coming in.

Meanwhile zinc values advanced on the Exchange as more producers decided to follow Pennaroy's example of raising the European zinc quotation by 40 to 560 a tonne.

Despite London doubts about whether demand for zinc is strong enough to sustain a rise in the producer price, Boliden from Sweden, Outokumpu of Finland and Pressag of West Germany quickly confirmed they were raising their prices as well to 5760 a tonne.

There is still some uncertainty about the position of other producers, but the general feeling is they will move up even if it means that there is increased discounting to retain market shares.

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## EEC studies farm subsidy plan

By MARGARET VAN HATTEN in BRUSSELS

THE EEC Commission, alarmed by the threat to its long-term plans for farm price restraint posed by the current dispute over monetary compensatory amounts, is thinking hard about the introduction of national income subsidies for farmers in strong currency countries.

This, according to some Commission officials, may be the only way of resolving the current impasse between Germany, France and the United Kingdom, which are delaying the introduction of the European Monetary Union.

In essence, France is demanding that MCAs, which subsidise German farm exports while tax-exempt, should not be allowed to increase beyond their present level on a permanent basis.

Germany will accept this only if it does not lead to cuts in German farm incomes. This implies either a rise in common farm prices should the Deutsche

mark appreciate after the introduction of EMS, or some other form of topping up to compensate for the resulting drop in German national prices.

Britain would certainly resist any price rise, but would probably support the idea of national subsidies, which would throw back on the German Government the cost of maintaining its artificially high prices.

This may require some bending of the Treaty of Rome, which forbids national agricultural subsidies. But the Commission's Agricultural Policy has always had a major social function, aiming to give farmers "secure and reasonable incomes" and it may be possible to separate the social and purely agricultural costs by introducing income subsidies under a special social provision.

This would weaken the link between income support and the high prices which stimulate

over-production—a reform long sought by the UK.

But although Herr Josef Ertl, German Farm Minister, has in the past declared himself in favour of national subsidies it is not clear whether he or the Governments of the other strong currency countries would accept the full burden.

However, the Commission, which has been studying the implications of national subsidies for several months, considers the overall costs would not be unduly high.

Introduction of subsidies to curb MCAs could prevent potential gains to the EEC budget.

But many consider this to be less important than the advantages of price restraint which would hold down the cost of subsidising exports to third countries and might, eventually, force national governments to do something about curbing production.

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Decline in  
world sugar  
prices

By Our Commodities Staff

WORLD SUGAR prices drifted lower on the London futures market yesterday with May raws positions ending 21,075 lower at 1104.075 a tonne.

In the morning the London daily raws price was fixed at 594 a tonne, the same as on Tuesday.

Sugar prices were buoyed at the beginning of the week by rumours of a swap arrangement involving the shipment of EEC white sugar to Russia against Cuban raws.

It was not stated whether the Cuban sugar was for shipment into the EEC or to some other world market. In the absence of confirmation, however, the "bullish" influence of this rumour has subsided and prices have eased.

Yesterday's decline was also encouraged by the announcement that the EEC Commission had authorised export subsidies on 57,000 tonnes of white sugar at its weekly tender. This total is substantially higher than in recent weeks.

No offers for raw sugar exports were accepted. A further decrease in price was Colombia's sale of raw sugar at 6.75 cents a lb. This price was even lower than Colombia's "distressed" sales have recently attracted since its exclusion from the U.S. market, traditionally its major outlet.

The U.S. halted sugar imports from non-members of the Agreement late last year and the International Sugar Colombia has since been forced to seek alternative buyers for its exports.

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## COFFEE MARKET

Mexico leads drive  
for stable prices

By WILLIAM CHISLETT in MEXICO CITY

MEXICO PLANS to push harder this year for positive action by the International Coffee Organisation (ICO) to stabilise prices.

In an interview, Sr. Manuel Aguilera Gomez, director of the Mexican Coffee Institute (Inmecafe), said that not until agreement was reached on quota distributions, certificates of origin and price ranges could there be any real stability.

"This is why we insist that the only permanent and lasting solution to avoid sudden fluctuations in price is to implement the agreement's clauses," Prices last year varied between \$206 and \$134 for every 100 lb bag of coffee.

While Sr. Aguilera claimed that the fund was working well in preventing excessive price fluctuations he refused to confirm or deny reports that its resources were around \$140m. Guatemala contributed its share of \$10m earlier this month.

Mexico is one of the lowest voices in the group. Its harvest totalled 3.4m bags worth \$405m. This year's crop is estimated at between 3.6m and 3.8m bags but the recent exceptional cold spell in the districts could jeopardise this.

Inmecafe has not fully calculated the damage done to the harvest but it is hoping that the recent estimate of 57 per cent (569,000 bags) was on the high side. No accurate figure will be known until later this month.

The areas hit by the frost were the districts of Coatepec, Tlapacoyan, Xicotepet, Cuetzalan and Las Lluvias, which provide 26 per cent (997,000

sacks) of Mexico's total coffee output.

Coffee is an important part of the Mexican economy both in the financial and agricultural sectors. Around 10 per cent of the GDP and of this about 15 per cent comes from coffee. Along with sugar and tobacco it is a major product and taking into account all the processes it provides employment for at least 250,000 people.

There are 96,000 producers in the country and this year Inmecafe hopes to buy from 82,000. The purchase target represents 35 per cent of the crop compared with 24 per cent in 1978. The rest is harvested and exported by the private sector but Inmecafe vets all sales and fixes the price.

Inmecafe is not exporting any more coffee until early February following the sale of 378,000 new crop bags to Poland, East Germany, Yugoslavia, the Soviet Union, France, Spain and the U.S. This was a new move, for most of these countries stopped buying from Mexico for several years. But now there is an attempt to diversify the coffee exports.

The U.S. takes 43 per cent of Mexican coffee. Of the total sales 215,000 bags were from Inmecafe and 168,000 from private exporters.

"You in Europe are buying your coffee at equal or less in monetary terms to the prices in 1974," said Sr. Aguilera bemoaning the fluctuation in prices.

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## OFFSHORE AND OVERSEAS FUNDS

[illegible]

## NOTES

Prices do not include \$ premium, except where indicated, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. x Offered prices include all expenses. y Today's prices. z Yield based on offer price. (Estimated) y Today's opening price. w Distribution free of U.K. taxes. v Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. w Net of tax on realized capital gains unless indicated by d. y Guernsey gross. x Excludes commission. Er = Excludes commission.



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# FT SHARE INFORMATION SERVICE

## BONDS & RAILS—Cont.

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
51	46	46	Greek 7% 1984	50	11.50	3.5	17.20
52	46	46	Do 4% 1984	40	11.50	3.5	16.24
53	46	46	Do 4% 1984	40	11.50	3.5	15.13
54	46	46	Do 4% 1984	40	11.50	3.5	14.87
55	46	46	Do 4% 1984	40	11.50	3.5	14.61
56	46	46	Do 4% 1984	40	11.50	3.5	14.35
57	46	46	Do 4% 1984	40	11.50	3.5	14.09
58	46	46	Do 4% 1984	40	11.50	3.5	13.83
59	46	46	Do 4% 1984	40	11.50	3.5	13.57
60	46	46	Do 4% 1984	40	11.50	3.5	13.31
61	46	46	Do 4% 1984	40	11.50	3.5	13.05
62	46	46	Do 4% 1984	40	11.50	3.5	12.79
63	46	46	Do 4% 1984	40	11.50	3.5	12.53
64	46	46	Do 4% 1984	40	11.50	3.5	12.27
65	46	46	Do 4% 1984	40	11.50	3.5	12.01
66	46	46	Do 4% 1984	40	11.50	3.5	11.75
67	46	46	Do 4% 1984	40	11.50	3.5	11.49
68	46	46	Do 4% 1984	40	11.50	3.5	11.23
69	46	46	Do 4% 1984	40	11.50	3.5	10.97
70	46	46	Do 4% 1984	40	11.50	3.5	10.71
71	46	46	Do 4% 1984	40	11.50	3.5	10.45
72	46	46	Do 4% 1984	40	11.50	3.5	10.19
73	46	46	Do 4% 1984	40	11.50	3.5	9.93
74	46	46	Do 4% 1984	40	11.50	3.5	9.67
75	46	46	Do 4% 1984	40	11.50	3.5	9.41
76	46	46	Do 4% 1984	40	11.50	3.5	9.15
77	46	46	Do 4% 1984	40	11.50	3.5	8.89
78	46	46	Do 4% 1984	40	11.50	3.5	8.63
79	46	46	Do 4% 1984	40	11.50	3.5	8.37
80	46	46	Do 4% 1984	40	11.50	3.5	8.11
81	46	46	Do 4% 1984	40	11.50	3.5	7.85
82	46	46	Do 4% 1984	40	11.50	3.5	7.59
83	46	46	Do 4% 1984	40	11.50	3.5	7.33
84	46	46	Do 4% 1984	40	11.50	3.5	7.07
85	46	46	Do 4% 1984	40	11.50	3.5	6.81
86	46	46	Do 4% 1984	40	11.50	3.5	6.55
87	46	46	Do 4% 1984	40	11.50	3.5	6.29
88	46	46	Do 4% 1984	40	11.50	3.5	6.03
89	46	46	Do 4% 1984	40	11.50	3.5	5.77
90	46	46	Do 4% 1984	40	11.50	3.5	5.51
91	46	46	Do 4% 1984	40	11.50	3.5	5.25
92	46	46	Do 4% 1984	40	11.50	3.5	4.99
93	46	46	Do 4% 1984	40	11.50	3.5	4.73
94	46	46	Do 4% 1984	40	11.50	3.5	4.47
95	46	46	Do 4% 1984	40	11.50	3.5	4.21
96	46	46	Do 4% 1984	40	11.50	3.5	3.95
97	46	46	Do 4% 1984	40	11.50	3.5	3.69
98	46	46	Do 4% 1984	40	11.50	3.5	3.43
99	46	46	Do 4% 1984	40	11.50	3.5	3.17
100	46	46	Do 4% 1984	40	11.50	3.5	2.91

U.S. & DM prices exclude inv. 5 premium

## AMERICANS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
101	46	46	Do 4% 1984	40	11.50	3.5	17.20
102	46	46	Do 4% 1984	40	11.50	3.5	16.24
103	46	46	Do 4% 1984	40	11.50	3.5	15.13
104	46	46	Do 4% 1984	40	11.50	3.5	14.87
105	46	46	Do 4% 1984	40	11.50	3.5	14.61
106	46	46	Do 4% 1984	40	11.50	3.5	14.35
107	46	46	Do 4% 1984	40	11.50	3.5	14.09
108	46	46	Do 4% 1984	40	11.50	3.5	13.83
109	46	46	Do 4% 1984	40	11.50	3.5	13.57
110	46	46	Do 4% 1984	40	11.50	3.5	13.31
111	46	46	Do 4% 1984	40	11.50	3.5	13.05
112	46	46	Do 4% 1984	40	11.50	3.5	12.79
113	46	46	Do 4% 1984	40	11.50	3.5	12.53
114	46	46	Do 4% 1984	40	11.50	3.5	12.27
115	46	46	Do 4% 1984	40	11.50	3.5	12.01
116	46	46	Do 4% 1984	40	11.50	3.5	11.75
117	46	46	Do 4% 1984	40	11.50	3.5	11.49
118	46	46	Do 4% 1984	40	11.50	3.5	11.23
119	46	46	Do 4% 1984	40	11.50	3.5	10.97
120	46	46	Do 4% 1984	40	11.50	3.5	10.71
121	46	46	Do 4% 1984	40	11.50	3.5	10.45
122	46	46	Do 4% 1984	40	11.50	3.5	10.19
123	46	46	Do 4% 1984	40	11.50	3.5	9.93
124	46	46	Do 4% 1984	40	11.50	3.5	9.67
125	46	46	Do 4% 1984	40	11.50	3.5	9.41
126	46	46	Do 4% 1984	40	11.50	3.5	9.15
127	46	46	Do 4% 1984	40	11.50	3.5	8.89
128	46	46	Do 4% 1984	40	11.50	3.5	8.63
129	46	46	Do 4% 1984	40	11.50	3.5	8.37
130	46	46	Do 4% 1984	40	11.50	3.5	8.11
131	46	46	Do 4% 1984	40	11.50	3.5	7.85
132	46	46	Do 4% 1984	40	11.50	3.5	7.59
133	46	46	Do 4% 1984	40	11.50	3.5	7.33
134	46	46	Do 4% 1984	40	11.50	3.5	7.07
135	46	46	Do 4% 1984	40	11.50	3.5	6.81
136	46	46	Do 4% 1984	40	11.50	3.5	6.55
137	46	46	Do 4% 1984	40	11.50	3.5	6.29
138	46	46	Do 4% 1984	40	11.50	3.5	6.03
139	46	46	Do 4% 1984	40	11.50	3.5	5.77
140	46	46	Do 4% 1984	40	11.50	3.5	5.51
141	46	46	Do 4% 1984	40	11.50	3.5	5.25
142	46	46	Do 4% 1984	40	11.50	3.5	4.99
143	46	46	Do 4% 1984	40	11.50	3.5	4.73
144	46	46	Do 4% 1984	40	11.50	3.5	4.47
145	46	46	Do 4% 1984	40	11.50	3.5	4.21
146	46	46	Do 4% 1984	40	11.50	3.5	3.95
147	46	46	Do 4% 1984	40	11.50	3.5	3.69
148	46	46	Do 4% 1984	40	11.50	3.5	3.43
149	46	46	Do 4% 1984	40	11.50	3.5	3.17
150	46	46	Do 4% 1984	40	11.50	3.5	2.91

U.S. & DM prices exclude inv. 5 premium

## CANADIANS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
151	46	46	Do 4% 1984	40	11.50	3.5	17.20
152	46	46	Do 4% 1984	40	11.50	3.5	16.24
153	46	46	Do 4% 1984	40	11.50	3.5	15.13
154	46	46	Do 4% 1984	40	11.50	3.5	14.87
155	46	46	Do 4% 1984	40	11.50	3.5	14.61
156	46	46	Do 4% 1984	40	11.50	3.5	14.35
157	46	46	Do 4% 1984	40	11.50	3.5	14.09
158	46	46	Do 4% 1984	40	11.50	3.5	13.83
159	46	46	Do 4% 1984	40	11.50	3.5	13.57
160	46	46	Do 4% 1984	40	11.50	3.5	13.31
161	46	46	Do 4% 1984	40	11.50	3.5	13.05
162	46	46	Do 4% 1984	40	11.50	3.5	12.79
163	46	46	Do 4% 1984	40	11.50	3.5	12.53
164	46	46	Do 4% 1984	40	11.50	3.5	12.27
165	46	46	Do 4% 1984	40	11.50	3.5	12.01
166	46	46	Do 4% 1984	40	11.50	3.5	11.75
167	46	46	Do 4% 1984	40	11.50	3.5	11.49
168	46	46	Do 4% 1984	40	11.50	3.5	11.23
169	46	46	Do 4% 1984	40	11.50	3.5	10.97
170	46	46	Do 4% 1984	40	11.50	3.5	10.71
171	46	46	Do 4% 1984	40	11.50	3.5	10.45
172	46	46	Do 4% 1984	40	11.50	3.5	10.19
173	46	46	Do 4% 1984	40	11.50	3.5	9.93
174	46	46	Do 4% 1984	40	11.50	3.5	9.67
175	46	46	Do 4% 1984	40	11.50	3.5	9.41
176	46	46	Do 4% 1984	40	11.50	3.5	9.15
177	46	46	Do 4% 1984	40	11.50	3.5	8.89
178	46	46	Do 4% 1984	40	11.50	3.5	8.63
179	46	46	Do 4% 1984	40	11.50	3.5	8.37
180	46	46	Do 4% 1984	40	11.50	3.5	8.11
181	46	46	Do 4% 1984	40	11.50	3.5	7.85
182	46	46	Do 4% 1984	40	11.50	3.5	7.59
183	46	46	Do 4% 1984	40	11.50	3.5	7.33
184	46	46	Do 4% 1984	40	11.50	3.5	7.07
185	46	46	Do 4% 1984	40	11.50	3.5	6.81
186	46	46	Do 4% 1984	40	11.50	3.5	6.55
187	46	46	Do 4% 1984	40	11.50	3.5	6.29
188	46	46	Do 4% 1984	40	11.50	3.5	6.03
189	46	46	Do 4% 1984	40	11.50	3.5	5.77
190	46	46	Do 4% 1984	40	11.50	3.5	5.51
191	46	46	Do 4% 1984	40	11.50	3.5	5.25
192	46	46	Do 4% 1984	40	11.50	3.5	4.99
193	46	46	Do 4% 1984	40	11.50	3.5	4.73
194	46	46	Do 4% 1984	40	11.50	3.5	4.47
195	46	46	Do 4% 1984	40	11.50	3.5	4.21
196	46	46	Do 4% 1984	40	11.50	3.5	3.95
197	46	46	Do 4% 1984	40	11.50	3.5	3.69
198	46	46	Do 4% 1984	40	11.50	3.5	3.43
199	46	46	Do 4% 1984	40	11.50	3.5	3.17
200	46	46	Do 4% 1984	40	11.50	3.5	2.91

U.S. & DM prices exclude inv. 5 premium

## COMMONWEALTH & AFRICAN LOANS

1978-79		High	Low	Stock	Price	Yield	Div.	Yield
184	210	46	46	Do 4% 1984	40	10.0%	2.00	5.0
193	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
194	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
195	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
196	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
197	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
198	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
199	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
200	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
201	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
202	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
203	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
204	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
205	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
206	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
207	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
208	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
209	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
210	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
211	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
212	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
213	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
214	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
215	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
216	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
217	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
218	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
219	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
220	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
221	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
222	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
223	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
224	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
225	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
226	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
227	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
228	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
229	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
230	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
231	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
232	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
233	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
234	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
235	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
236	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
237	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
238	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
239	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
240	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
241	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
242	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
243	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
244	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
245	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
246	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
247	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
248	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
249	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
250	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
251	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
252	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
253	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
254	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
255	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
256	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
257	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
258	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
259	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
260	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
261	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
262	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
263	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
264	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
265	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
266	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
267	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
268	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
269	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
270	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
271	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
272	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
273	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
274	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
275	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
276	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
277	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
278	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
279	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
280	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
281	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
282	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
283	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
284	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
285	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
286	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
287	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
288	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
289	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
290	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
291	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
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293	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
294	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
295	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
296	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
297	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
298	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
299	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5
300	210	46	46	Alanzs D. E.	348	10.5%	3.2	3.5



**FINANCE, LAND—Continued**[illegible]

Leakstains					
A.P. Crew	51	"Rings"	20	Tube Invest.	30
A.P. Cement	14	"C."	20	Uniflex	75
B.S.R.	9	Inversik	8	Unif. Drapery	75
Babcock	11	Agass	3	Vickers	15
Barclays Bank	25	Ladewig	17	Woolworths	5
Beach	15	Agass Gen. Serv.	17		
Boots	25	W. L.	17	Property	
				Rt. Layd	

[illegible]

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A.P. Crew	51	"Rings"	20	Tube Invest.	30
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Barclays Bank	25	Ladewig	17	Woolworths	5
Beach	15	Agass Gen. Serv.	17		
Boots	25	W. L.	17	Property	
				Rt. Layd	

[illegible]



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# FINANCIAL TIMES

Thursday January 18 1979

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## Food and Public service unions are main lukewarm on offer

BY CHRISTIAN TYLER, LABOUR EDITOR

## Murray in rail peace move

By Philip Gassett, Labour Staff

MR. LEN MURRAY, the TUC General Secretary, intervened in the rail dispute yesterday after the train drivers' union, ASLEF, rejected the latest plea from Mr. William Rodgers, the Transport Secretary, to call off today's national rail strike.

Mr. Murray called in Mr. Ray Buckton, ASLEF general secretary, to a meeting last night, but the move was too late to stand any chance of averting the strike.

British Rail began to run down services from 10 pm, as it did before Tuesday's strike, to prevent rolling stock from being displaced when services resumed.

The union's executive rejected Mr. Rodgers' attempt to get today's strike called off, but held back from taking a decision on whether to continue the action next week until later today, when it will discuss Mr. Murray's intervention.

Earlier all three rail unions met members of the British Railways Board at a meeting, called again on the request of Mr. Rodgers, to discuss ways of restarting talks on the Board's productivity proposals.

The National Union of Railwaymen, which claims the Board's productivity proposals will mean loss of up to 20,000 jobs, has been the major stumbling block to talks being resumed on the ASLEF claim for increases of 10 per cent, because Mr. Sid Weighell, NUR general secretary, is not prepared to trade jobs for money.

FOOD SUPPLIES and the general movement of exports yesterday emerged as the main causes for concern as a result of the lorry drivers' strike. Food manufacturers and retailers reported growing difficulties and it was estimated that exports worth nearly £100m a day are being held up.

But manufacturing industry appears to be learning to cope with some of the production and delivery difficulties caused by the drivers' picketing. Many companies are delaying lay-offs which they announced earlier in the week while some are recalling workers.

Yesterday, for example, BL, formerly British Leyland, did not go ahead with plans to stop production at its large Longbridge car factory in Birmingham where 8,000 lay-offs had been expected.

As a result of this and other similar decision, forecasts of 1m people being laid off by the end of this week are being revised. The Confederation of British Industry admitted last night that it did not now have an estimate of what the total would be, although the figure was still rising.

So far well over 100,000 people are laid off. The worst hit areas are the North, where estimates put the total at over 50,000, and the Midlands where 20,000 are out of work.

Reports of picketing vary, with secondary picketing being eased in some areas, although there has been no significant shift in the pattern across the country.

The state of the country's food supplies led to claims and counter-claims yesterday. Mr. John Silkin, Agriculture Minister, denied suggestions from the Food Manufacturers' Federation that only a tenth of output from UK food factories is reaching supermarkets.

About 50,000 food industry workers have been laid off and the federation warned that in only a matter of days the total 600,000 workforce could be sent home if pickets did not allow raw materials and packaging into factories. Companies which have closed factories include Heinz, Kellogg, Corn and Gate and potato crisp producers such as Golden Wonder, Walkers and Smiths.

Food retailers were also reporting worsening problems. Tesco said it was not receiving 75 per cent of its supplies from manufacturers. The Co-operative Wholesale Society put its estimate at 30 per cent and said that butter and margarine were especially scarce.

Warnings that bread supplies might be hit soon by pickets holding back salt and other key ingredients were followed by Mr. Silkin announcing that the Transport Union had agreed to relax picketing on national salt supplies in Cheshire.

## Banks plan to reveal more about profits and bad debts

By Michael Lafferty

THE BIG London clearing banks are planning to reveal more about profits and bad debts. The new approach will be announced in a policy statement which is being drafted for publication by the Committee of London Clearing Bankers. The statement could be issued before the end of January, suggesting that the new moves will be implemented in the forthcoming batch of bank annual accounts in February and March.

At present the clearing banks do not reveal bad debts experienced in their accounts. Instead, following a convention known as the "Leach-Lawson rules" it is customary to set up provisions based on a five-year moving average of total advances.

## Report on charges

The non-disclosure of these provisions, and transfers to and from profits, led to criticism from the Price Commission in a report on bank charges last year. "We are not persuaded that the confidence of depositors in the banks would in any way be threatened by disclosure," the Price Commission stated.

Following the Price Commission report the clearing banks formed a top-level committee to look into the whole question of disclosure in bank accounts. The policy statement is the outcome of this study.

Apart from bad debts, the statement may indicate what accounting policies the clearers will follow for depreciation and deferred tax in 1978 accounts.

THE GOVERNMENT'S retreat on pay policy to avert a collision with essential public service workers received a lukewarm reception from union leaders yesterday.

Privately they doubt whether the concession will be enough. Before the announcement they urged Minister not to let the Prime Minister quote figures because that would lock the negotiations for 1.5m health and council workers before they have really begun.

A national one-day stoppage and a series of demonstrations by affected unions called for Monday will go ahead. Considerable disruption is expected. Some groups intend to stay out indefinitely, among them 200 Essex sewerage workers.

Monday's action, which will bring thousands of workers to London for a rally and lobby of Parliament, will give the Government and the unions some idea of the strength of shop-floor feeling.

Leaders of the National Union of Public Employees (NUPE) see the concession, which means

7 per cent instead of 5 per cent for 1.1m local authority manual workers, simply as a higher starting point for their negotiations. The Confederation of Health Service Employees said it was "pessimistic" but would seek clarification.

Mr. David Bassett, general secretary of the General and Municipal Workers' Union, hid his disappointment with a statement that said the union would be looking to see if there was "anything on which we can build a solution."

On Monday, schools and council offices in many cities are likely to close. The London ambulance service may stop entirely and services in 28 of the 32 London boroughs will be affected, according to NUPE.

Transport workers' strongholds such as Birmingham, Bristol, Southampton, Portsmouth, the industrial belt of Scotland, and Northern Ireland, might be among the worst affected.

Hospital porters and many nurses may refuse to do work, omission of which does not endanger patients. Some municipal airports may close.

Continued from Page 1

## State of emergency

garet Thatcher, the Conservative Leader, adopting a deliberately non-partisan stance in a party political television broadcast, called for urgent talks between Government and Opposition on restricting union power.

The Premier, addressing a special meeting of the Parliamentary Labour Party called to boost MPs morale, spoke of the Government's "profound concern" at trade union behaviour, and said the unions had an obligation to regulate themselves. The alternative was to have change imposed by the Tories.

Hazel Duffy writes: The Confederation of British Industry wants an urgent meeting with the Prime Minister and senior Ministers to discuss matters arising from the industrial situation and protest at the

Government's proposed changes to price legislation.

Some concern was expressed by the CBI yesterday that the Government's promise to make an exception of the lower-paid might lead to some unions making a strong claim for reopening settlements already agreed. So far there has been little pressure on the 12-month rule in pay settlements, but it is felt that this could now change.

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Continued from Page 1

## Public spending plans

rather than a blueprint for what actually happens in 1979-80.

The White Paper confirms last November's Treasury estimate that on present policies public sector borrowing in 1979-80 should be £5.5bn. This is around 4 per cent of expected Gross Domestic Product, the same as this year.

However, many City analysts believe that this estimate may already be on the low side for 1979-80, while it is incompatible with a tight monetary policy designed to contain inflation.

Sir Geoffrey Howe, the Shadow Chancellor, claimed that "the White Paper was out of date before the print was dry."

Sir Geoffrey said the White Paper fully indicated the warning he gave last year that public spending in 1979-80 would be 8 per cent higher than in 1977-78, rather than the 2 per cent rise suggested by the Government.

The White Paper estimate for the increase for the current year ranges between 2.1 and 8.6 per cent depending on what assumptions are taken about shortfall and purely financial transfers and exceptional items. The underlying rise in spending has probably been at the lower end of the range.

For 1979-80 the range of increases in the volume of spending is from 2.1 to 4.5 per cent.

## Trinidad and Tobago agree steel loans

PORT OF SPAIN—Trinidad and Tobago signed loan agreements for \$250m yesterday to construct a large iron and steel complex by 1980. Dr. Eric Williams, the Prime Minister, who is also Minister of Finance, will sign along with representatives of some 16 international institutions providing the money.

The complex is being established on a sprawling new industrial estate at Point Lisas on Trinidad's south coast, and completion is expected to provide permanent jobs for at least 300 people.

The site is also expected to attract several other heavy industries including aluminium and petrochemical plants. The Government has announced plans to build a deep water harbour to accommodate the large ocean-going cargo ships which would call at Point Lisas.

The complex is expected to produce initially 700,000 tons of red wire and 200,000 tons of billets annually for domestic use and export, according to Mr. Errol Mahabir, Minister of Petroleum and Mines.

Reuter

THE LEX COLUMN

## The fear of wages

Index fell 7.5 to 474.0

The stock market's nerve showed signs of cracking yesterday, with equities reversing the gains at the start of the week, and gilts showing losses ranging to 1 at the long end.

By itself the White Paper on public spending would not have caused much concern, for its projections of continuing high borrowing requirements in the years ahead were already accepted as inevitable by the financial markets. The overnight concessions by the government to the unions served to sharpen the impact of the White Paper, however. A gilt-edged market which had pinned substantial hopes on the effectiveness of cash limits in the public sector was dismayed to see them being casually raised to finance extra for the lower paid and, more seriously, to accommodate the principle of comparability with the private sector.

As for equities, the Price Commission is promised a free rein to clamp down on price increases during investigations. It is doubtful whether such legislation could actually be passed through Parliament in the present climate, all the same, the threat was enough to send a nasty shudder through politically sensitive sections like breweries, where the sector index fell 2.8 per cent on the day.

There is a strong air of uneasiness about the White Paper. Medium term projections by this Government would mean any way have been of little more than academic interest, and the artificiality is increased by the use of central earnings assumptions which scarcely made sense when the document was drafted last autumn, and now look absurd. Still, there is a laudable attempt to hint at worse outcomes, and the case C projections, based on earnings growth of 11 per cent a year, suggest that GDP would be rising more slowly than planned public spending, and that revenues would not be keeping pace with expenditure.

Moreover the projections take in a substantial shortfall allowance of £2bn a year, and even on the central basis of a 7 per cent rise in earnings the Chancellor will be facing a PSBR of almost £3bn when he draws up his Budget; this is on the assumption that he will not have a Parliamentary majority either to stop the automatic indexing of income tax allowances, the raising of bands, or to push through proposals to reverse specific duties.

The Treasury therefore look stretched, in a way that can only be cured by trimming back the planned growth of public spending. But the ability of a hand-to-mouth Labour Government to take such decisions ahead of an election must be in grave doubt, and in any event a period of extreme political uncertainty is now inevitable. The return of a Conservative Government would no doubt boost confidence in the City, but would not bring any automatic cure for the wages spiral which currently threatens public finances.

So far institutional investors have taken all this very calmly. At least the Government still has the monetary aggregates under control, so there is no immediate pressure to sell gilts. The funds appear to be taking the line that they will make periodic purchases of tap stocks but each time will be seeking higher yields. The long tap Treasury 12 per cent 2003-05 is now, at 93½, nearly two points under the last price at which it was supplied by the Government broker. Talk now is of the level to which the GB might drop the price in order to sell another few hundred £m worth.

Eagle Star/EPC

The snap reaction to the news that Eagle Star has approached English Property Corporation to talk about takeover possibilities is one of concern. Eagle Star may well think that the existing offer for EPC from Wereldhave is inadequate, but it does not have to go to the extreme of mounting a counter offer. It already owns 27 per cent of the company, which is a very strong base from which to persuade Wereldhave to be more generous—or to go away altogether.

The worry is that a successful bid for EPC would have major repercussions on the structure of Eagle Star's assets. Although EPC's gross property assets may

not now be worth the £700m plus shown in its last balance sheet, this portfolio would still represent an enormous commitment for a group with insurance funds of under £1½bn at the last count.

Moreover EPC brings with it borrowings of £500m or more. This would be quite out of the ordinary in an insurance company balance sheet. Fixed debt tends to be skimmed in the insurance business, for reasons that became vividly apparent in 1974 when the asset base collapsed in line with the world's securities markets.

Eagle Star could improve the numbers of deconsolidating (or selling) EPC's Canadian interests. But it would still have its work cut out to explain to its shareholders why an insurance company with a solvency margin as comfortable as its own needed to take on a property portfolio of the size and quality of EPC's. Its task would not be made easier by the close links which already exist between the two boards, however much they may be wearing their separate hats.

Henly's windfall

British Leyland dealers are rubbing their hands with glee about the new stock financing scheme shortly to be revealed by the National Enterprise Board in cahoots with N. M. Rothschild. Once operative it could free over £100m of dealers' money previously tied up in the old bulk deposit scheme.

For companies such as Henlys, British Leyland's biggest distributor, it could have a major impact. Henly's profits have slumped from £1.5m to £3.7m over the past couple of years but its turnover has also jumped by nearly 50 per cent which means that the amount of money it has had to lodge with BL has been rising rapidly. If it took full advantage of the new scheme its net cash resources could rise by as much as £4m—significantly more than the £2.9m it was able to raise through a one-for-four rights issue last summer.

Under the planned scheme, future purchases from British Leyland will be financed by the new NEB financing body (rather than the dealer), which will charge around 10 per cent above the Finance Houses base rate (currently 12½ per cent). This is effectively off balance sheet financing and the only reference to it in Henly's accounts will be a note mentioning the contingent liability.

## Weather

### UK TODAY

COLD, mostly cloudy with a little snow or wintry showers in places.

London, E. Anglia, E. N.E., S.E., W. Kent, S. England, Midlands, Wales, S.W. England, Channel Isles.

Mostly cloudy, some snow or sleet. Max 12C (54F).

Lakes, Isle of Man, Argyll, Cent. Scotland, N. Ireland. Mostly dry, bright or sunny intervals. Max 13C (56F).

S. and E. Scotland, Highlands. Sunny periods, scattered wintry showers. Max 12C (54F).

Western Islands, Orkney, Shetland. Mostly dry, sunny periods. Max 14C (57F).

Outlook: Bright or sunny periods, snow or wintry showers, very cold with frost.

### BUSINESS CENTRES

City	Y'day	Today
Amster.	100.00	100.00
Bahia	100.00	100.00
Bombay	100.00	100.00
Buenos	100.00	100.00
Calcutta	100.00	100.00
Canton	100.00	100.00
Cebu	100.00	100.00
Hankow	100.00	100.00
Hong Kong	100.00	100.00
Kobe	100.00	100.00
London	100.00	100.00
Lyons	100.00	100.00
Manila	100.00	100.00
Medan	100.00	100.00
Osaka	100.00	100.00
Paris	100.00	100.00
Perth	100.00	100.00
Rangoon	100.00	100.00
San Francisco	100.00	100.00
Singapore	100.00	100.00
Sourabaya	100.00	100.00
Tokyo	100.00	100.00
Yokohama	100.00	100.00

### HOLIDAY RESORTS

City	Y'day	Today
Alicante	100.00	100.00
Algiers	100.00	100.00
Amsterdam	100.00	100.00
Antwerp	100.00	100.00
Bahia	100.00	100.00
Bombay	100.00	100.00
Buenos	100.00	100.00
Calcutta	100.00	100.00
Canton	100.00	100.00
Cebu	100.00	100.00
Hankow	100.00	100.00
Hong Kong	100.00	100.00
Kobe	100.00	100.00
London	100.00	100.00
Lyons	100.00	100.00
Manila	100.00	100.00
Medan	100.00	100.00
Osaka	100.00	100.00
Paris	100.00	100.00
Perth	100.00	100.00
Rangoon	100.00	100.00
San Francisco	100.00	100.00
Singapore	100.00	100.00
Sourabaya	100.00	100.00
Tokyo	100.00	100.00
Yokohama	100.00	100.00

## Rhodesia: no basis for all-party talks

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN yesterday confirmed that he had decided against any immediate attempt to achieve a negotiated settlement in Rhodesia through all-party conference.

The Prime Minister's decision follows a bleak report from Mr. Cledwyn Hughes, his special envoy to Southern Africa, on Rhodesia.

Mr. Callaghan told the Commons that the British and U.S. Governments would continue their attempts to secure a peaceful solution on the basis of their joint proposals. "We do not just intend to sit and wait for the situation to develop," he declared.

He rejected, however, any idea of a further public initiative and resisted Conservative demands for a permanent representative in Salisbury and British involvement in the elections due to be held in April. Mr. Callaghan said diplomatic probes and pressures would be maintained and he would be ready to call a conference at once if events improved the prospects of success.

"I am not without hope that pressure can still be put on in order in due course to bring the parties to the conference table with a view to getting a settlement," he said.



Mr. Cledwyn Hughes: A bleak report.

Parliament Page 18.  
Editorial Comment Page 24.

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